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C 8910-1A
11/1/86

Military Market

MAGAZINE FOR THE MILITARY RETAIL SYSTEM ARMY TIMES PUBLISHING COMPANY NOVEMBER 1986 $4.00

THE OLD GUARD: Walter Nelson and V.A. Young, former VCS officials.

"I left with a feeling of confidence and good spirit. Now, I'm afraid that good feeling is gone."

THE VCS DILEMMA

Congress Listens to Both Sides of the Debate

"I regret we have not been more forthcoming with the subcommittee to let you know what we've been doing."

THE VA SIDE: Robert E. Lindsey, Thomas E. Harvey and Mansell G. Piper.

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CONGRESSIONAL INFO SVC
JOSEPH MCNALLY
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MARKET REPORT:
Giftware '86
Maintains Status Quo

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COVER DESIGN BY TIM WOODS

Military Market

serving the military resale system

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VA medical directors survey: VCS does the job

Most Veterans Administration medical center directors feel the Veterans Canteen Service does a good job, according to the results of a 1985 survey, obtained by MILITARY MARKET.

"It is clear from the responses," said the survey report, "that most Medical Center Directors rate their canteens very highly on all items."

The survey asked the 170 VA medical center directors to rate VCS in several areas of service.

The results, however, were only briefly discussed at last year's hearing and were never released by VA or VCS officials.

"To prepare adequately for this [1985] hearing, we need your guidance and advice on several areas of concern," the survey told the medical center directors.

The survey was distributed via telegraphic message on Sept. 12, 1985, six days before the hearing held by the subcommittee on oversight and investigations of the House Committee on Veterans Affairs. The hearing was the first conducted since VCS was established.

The results of that survey were neither discussed at last year's hearing, nor discussed at *this year's* event.

However, a copy of the survey tabulations was sent to the subcommittee soon after the Sept. 24, 1986, hearing, said a VA official.

[EDITOR'S NOTE: See page 22 in this issue for more information on the 1986 hearing].

The survey was directed by Marjorie R. Quandt, then the assistant chief medical director in the office of administration of the Department of Medicine and Surgery.

The reason the survey was not presented at the 1985 hearing was because "no one asked about it," said a VA official who asked not to be identified. "You don't go to a hearing and volunteer information."

The survey was not released from DM&S for a year because "we didn't think it was very conclusive or particularly important," the VA official said. VCS management only recently got the chance to review the study.

Some VCS employees say the reason the study was not released earlier was because of its favorable slant toward the Canteen Service.

"That survey wasn't released because it didn't show anything was wrong," a VCS headquarters official said.

The official told MILITARY MARKET that the survey's outcome did not appear to support the proposed reorganization plan of the Canteen Service. It was therefore scrapped immediately.

Of the 170 directors of VA medical centers, 148 responded to the survey.

The directors were given four days to telegraphically transmit their responses to headquarters.

Responses were rated on a five point scale from excellent to very poor. The average response to all questions was in the superior to good range.

For example, 44 percent of the medical center directors rated canteen employees as having an excellent attitude, 35 percent said their attitude was superior, 18 percent said it was good. Less than 1 percent said it was poor, and none said very poor.

When asked if the retail products sold were responsive to patients' needs, 40 percent said superior, 33 percent said excellent and 24 percent said good. Less than 1 percent said poor or very poor.

About 19 percent said the quality of the food service was excellent, 36 percent said it was superior, 38 percent said it was good and less than 1 percent said it was poor. None said very poor.

Other questions show similar response patterns.

[EDITOR'S NOTE: See chart below.]

The last question was open-ended and asked the medical center directors what changes they would make if given the opportunity to make such decisions.

The responses to the open-ended question were grouped by frequency:

- ☐ Give medical center more control of canteens — 35 responses;
- ☐ No changes needed — 20 responses;
- ☐ Improve food operations and management — 19 responses;
- ☐ Improve the variety in retail store — 9 responses;
- ☐ Improve pay of food service workers — 8 responses.

Other issues cited less frequently were expanding canteen hours, giving canteens more space and better equipment, eliminating the sale of tobacco products and retaining the VCS' field offices.

Not all respondents answered every question.

Results of the 1985 VA Medical Center Directors Survey on the VCS

Item	Excellent	Superior	Good	Poor	Very Poor
Quality of food service	29	53	56	10	—
Hours of food service	38	37	54	14	—
Food variety	24	54	57	9	—
Responsiveness to customer	35	51	43	3	—
Food employees attitudes	42	54	39	7	2
Retail employees attitudes	62	50	26	4	—
Retail store hours	29	45	65	5	2
Appropriateness of goods	36	56	50	2	—
Mix of retail goods	37	60	44	2	—
Product responsive to employee needs	36	55	49	3	—
Product responsive to patient needs	47	58	35	2	2

Military Market index

COMMISSARIES

		JULY			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
	CONUS	$160,222	$171,001	-6.30	$1,085,979	$1,082,522	0.32
	OVERSEAS	31,997	5,112	525.92	208,430	179,473	16.13
AIR FORCE	TOTAL	**192,219**	**176,113**	**9.15**	**1,294,409**	**1,261,995**	**2.57**
	CONUS	112,665	104,685	7.62	760,305	743,925	2.20
	OVERSEAS	35,175	30,870	13.95	246,435	217,245	13.44
ARMY	TOTAL	**147,840**	**135,555**	**9.06**	**1,006,740**	**961,170**	**4.74**
	CONUS	53,994	54,621	-1.15	435,689	437,044	-0.31
	OVERSEAS	6,336	5,960	6.31	50,149	48,669	3.04
NAVY	TOTAL	**60,330**	**60,581**	**-0.41**	**485,838**	**485,713**	**0.03**
	CONUS	13,821	13,539	2.08	98,175	98,102	0.07
	OVERSEAS	273	270	1.11	1,861	1,760	5.74
MARINE CORPS	TOTAL	**14,094**	**13,809**	**2.06**	**100,036**	**99,862**	**0.17**
	CONUS	254	259	-1.93	1,824	1,827	-0.16
	OVERSEAS	215	248	-13.31	2,000	2,043	-2.10
COAST GUARD	TOTAL	**469**	**507**	**-7.50**	**3,824**	**3,870**	**-1.19**
	CONUS	$340,956	$344,105	-0.92	$2,381,972	$2,363,420	0.78
ALL	OVERSEAS	$73,996	$42,460	74.27	$508,875	$449,190	13.29
COMMISSARIES	TOTAL	**$414,952**	**$386,565**	**7.34**	**$2,890,847**	**$2,812,610**	**2.78**
GROCERY STORES	U.S.[1]	$24.209	$22.832	6.03	$159.603	$151.978	5.02

EXCHANGES

		JULY			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
	CONUS	$237,623	$239,121	-0.63	$1,653,409	$1,626,940	1.63
	OVERSEAS	162,332	152,197	6.66	1,158,375	1,061,070	9.17
AAFES	TOTAL	**399,955**	**391,318**	**2.21**	**2,811,784**	**2,688,010**	**4.60**
	CONUS[2]	84,548	83,022	1.84	587,383	596,444	-1.52
	OVERSEAS[2]	38,542	33,687	14.41	259,287	250,792	3.39
NAVY	TOTAL[2]	**123,090**	**116,709**	**5.47**	**846,670**	**847,236**	**-0.07**
	CONUS	28,694	28,694	0.00	192,168	197,222	-2.56
	OVERSEAS	5,231	5,231	0.00	34,260	34,066	0.57
MARINE CORPS	TOTAL	**33,925**	**33,925**	**0.00**	**226,428**	**231,288**	**-2.10**
	CONUS[3]	6,722	6,561	2.45	46,728	45,621	2.43
	OVERSEAS[3]	501	510	-1.76	3,480	3,548	-1.92
COAST GUARD	TOTAL[3]	**7,223**	**7,071**	**2.15**	**50,208**	**49,169**	**2.11**
	CONUS[4]	1,061	876	21.12	9,013	7,931	13.64
	OVERSEAS[4]	2,374	3,294	-27.93	22,434	21,828	2.78
MAIL ORDER	TOTAL[4]	**3,435**	**4,170**	**-17.63**	**31,447**	**29,759**	**5.67**
	CONUS	$358,648	$358,274	0.10	$2,488,701	$2,474,158	0.59
	OVERSEAS	$208,980	$194,919	7.21	$1,477,836	$1,371,304	7.77
ALL EXCHANGES	TOTAL	**$567,628**	**$553,193**	**2.61**	**$3,966,537**	**$3,845,462**	**3.15**
DEPARTMENT STORES	U.S.[1]	$10.458	$9.717	7.63	$70.830	$67.125	5.52

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.

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Military Market

MAGAZINE FOR THE MILITARY RETAIL SYSTEM ARMY TIMES PUBLISHING COMPANY DECEMBER 1986 $4.00

Norfolk Area Scores Twice

Navy commissaries at Oceana, Va., and Yorktown, Va., capture top awards.

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Part II: Wrap-Up on AAFES' Capitol and Southeast Regions

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Good apples in commissaries: Like, Walter Howard, produce dept. manager — page 17.

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6 **News** — AAFES, in response to new commissary items, stocks more food. TSA's Hayes proposes commissary supply centers. OMB suggests that DoD look into contracting out a few commissaries. Yes, there is a Santa Claus: In Europe, free meat from DoD.

17 **COVER STORY — System of the Month** — Norfolk area scores twice: Commissaries at Oceana and Yorktown capture top awards. Here's a look at the winners by Associate Editor Beverly Jones.

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Buoyed by success, Navy adds to its private label

Women's knit halter tops, men's knit shirts and 100 percent cotton towels soon will be the Navy exchanges' newest offensive players in NAVRESSO's private label lineup.

Officials expect that these items, along with men's dress shirts, men's slacks and women's twill pants, will be sold in exchanges by the spring of 1987.

The Navy first got into the private label business last year with the introduction of women's pull-on polyester pants. Since their introduction in September 1985, the Navy has sold more than 27,500 units, amounting to more than $331,000 in sales. Buoyed by their success, the Navy has added additional styles, sizes and colors of the pants under their Harbor View label.

And in May 1986, officials introduced house brand pantyhose, which they say offers a 30 percent savings over comparable national brands.

In the future, Navy exchanges may carry their own household cleaners, laundry products, ibuprofen tablets, contact lens preparations, and calcium and fiber food supplements.

According to the Navy resale's fall 1986 board of advisors report, "Sales of Navy exchanges private label items have been continuing their upward trend and it is expected that the fiscal year 1986 goal of $16.5 million will be achieved."

Navy Resale's Private Label Program: Harbor View

Item	Introduced	Units Sold	Sales	GrossProfit
Bendover Pants	September 1985	27,500	$331,000	$157,000
Pull-On Pants	March 1986	10,900	114,000	53,000
Camp Shirt	March 1986	11,200	116,000	48,000

Navy's new planograms hit a few delays

It probably will be sometime next year before all of the Navy's targeted exchanges are set up with the "new" headquarters-developed merchandise planogram.

Officials told MILITARY MARKET that they have pushed San Diego's reset back to sometime next year.

The Navy had been setting up prototype stores with the planograms to serve as models for other exchanges in each region.

San Diego was scheduled to be the last prototype store to adopt the updated planogram, but because of merchandising problems officials have had to push its implementation date back to sometime in 1987.

"We have somewhat of a problem in that our stock mix was so different that we had to put it on hold for awhile," said Joe Kempsey, retail operations manager at the San Diego Naval Station store. "We have such a large mix."

So far, nine prototypes have been set up, according to a Navy Resale and Services Support Office report. They are: NSB New London, Conn.; NTC Orlando, Fla.; NAS Alameda, Calif.; NS Seattle, Wash.; NAB Little Creek, Va.; NMC Bethesda, Md.; NTC Great Lakes, Ill.; NAS Pensacola, Fla., and NAS Memphis, Tenn.

The Navy's new planogram is supposed to make shopping easier, because it situates products on the shelves in logical order. For example, under the planogram design, shampoos would be located next to hair conditioners, which would be next to hair mousses.

Some sales representatives say they don't like the planogram because it's outdated, especially in the health and beauty aids department.

Martin F. Murphy, Noxell's military accounts manager, said that the outmoded planogram hurts business because it does not use the shelf space to its full potential.

"The limited space in exchanges makes it essential that every inch and every foot be used," he said.

FREE BEEF,
Continued from page 7.

determined that the law required that the meat be given free to service members.

The law also says the surplus meat can only be distributed in areas where DoD does not ship U.S. meats. Therefore stateside commissaries, those in Alaska and Hawaii, the Pacific, and Panama will not receive shipments of the free meat.

Late last year, Congress approved the transfer of some of the surplus meat to DoD as part of the 1985 farm bill signed by President Reagan. The bill gave the Agriculture secretary authority to purchase 200 million pounds of meat from U.S. farmers.

The government buys surplus products — everything from cheese and milk to meats and grains — at the market rate to keep prices up on the domestic market. DoD is allowed to draw from these surplus goods with the approval of Congress.

The only stipulation is that they can't be sold in competition with other U.S.-produced goods.

Military Market index

COMMISSARIES

		AUGUST			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
	CONUS	$160,575	$163,499	-1.79	$1,246,554	$1,246,021	0.04
	OVERSEAS	31,801	28,656	10.98	240,231	208,129	15.42
AIR FORCE	TOTAL	**192,376**	**192,155**	**0.12**	**1,486,785**	**1,454,150**	**2.24**
	CONUS	116,865	114,765	1.83	877,170	858,690	2.15
	OVERSEAS	36,855	32,865	12.14	283,290	250,110	13.27
ARMY	TOTAL	**153,720**	**147,630**	**4.13**	**1,160,460**	**1,108,800**	**4.66**
	CONUS	56,027	57,773	-3.02	491,716	494,817	-0.63
	OVERSEAS	6,504	6,326	2.81	56,653	54,995	3.01
NAVY	TOTAL	**62,531**	**64,099**	**-2.45**	**548,369**	**549,812**	**-0.26**
	CONUS	13,764	14,879	-7.49	111,939	112,981	-0.92
	OVERSEAS	252	203	24.14	2,113	1,963	7.64
MARINE CORPS	TOTAL	**14,016**	**15,082**	**-7.07**	**114,052**	**114,944**	**-0.78**
	CONUS	246	276	-10.87	2,070	2,103	-1.57
	OVERSEAS	306	282	8.51	2,306	2,325	-0.82
COAST GUARD	TOTAL	**552**	**558**	**-1.08**	**4,376**	**4,428**	**-1.17**
	CONUS	$347,477	$351,192	-1.06	$2,729,449	$2,714,612	0.55
ALL	OVERSEAS	$75,718	$68,332	10.81	$584,593	$517,522	12.96
COMMISSARIES	TOTAL	**$423,195**	**$419,524**	**0.88**	**$3,314,042**	**$3,232,134**	**2.53**
GROCERY STORES	U.S.[1]	$24.112	$23.207	3.90	$183.715	$175.451	4.71

EXCHANGES

		AUGUST			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
	CONUS	$246,321	$246,135	0.08	$1,899,730	$1,873,075	1.42
	OVERSEAS	170,291	154,121	10.49	1,328,667	1,215,191	9.34
AAFES	TOTAL	**416,612**	**400,256**	**4.09**	**3,228,397**	**3,088,266**	**4.54**
	CONUS[2]	98,463	92,007	7.02	685,846	688,451	-0.38
	OVERSEAS[2]	41,057	37,867	8.42	300,344	288,659	4.05
NAVY	TOTAL[2]	**139,520**	**129,874**	**7.43**	**986,190**	**977,110**	**0.93**
	CONUS	30,134	29,632	1.69	222,061	226,854	-2.11
	OVERSEAS	4,706	4,870	-3.37	38,562	38,936	-0.96
MARINE CORPS	TOTAL	**34,840**	**34,502**	**0.98**	**260,623**	**265,790**	**-1.94**
	CONUS[3]	7,000	7,094	-1.33	53,728	52,715	1.92
	OVERSEAS[3]	521	509	2.36	4,001	4,057	-1.38
COAST GUARD	TOTAL[3]	**7,521**	**7,603**	**-1.08**	**57,729**	**56,772**	**1.69**
	CONUS[4]	982	935	5.03	9,995	8,865	12.75
	OVERSEAS[4]	2,731	2,873	-4.94	25,165	24,701	1.88
MAIL ORDER	TOTAL[4]	**3,713**	**3,808**	**-2.49**	**35,160**	**33,566**	**4.75**
	CONUS	$382,900	$375,803	1.89	$2,871,360	$2,849,960	0.75
	OVERSEAS	$219,306	$200,240	9.52	$1,696,739	$1,571,544	7.97
ALL EXCHANGES	TOTAL	**$602,206**	**$576,043**	**4.54**	**$4,568,099**	**$4,421,504**	**3.32**
DEPARTMENT STORES	U.S.[1]	$11.786	$11.436	3.06	$82.616	$78.561	5.16

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.

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Resale Leaders Report for 1987
That Was The Year That Was — 1986
. . . and the BUYER$ GUIDE

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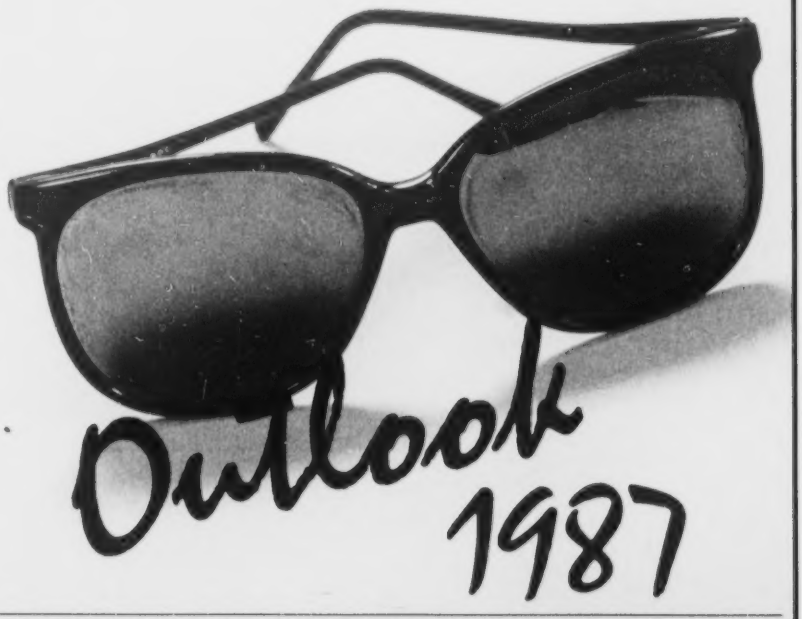

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Military Market index

COMMISSARIES

		SEPTEMBER			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
	CONUS	$147,195	$138,046	6.63	$1,393,749	$1,384,067	0.70
	OVERSEAS	28,922	25,567	13.12	269,153	233,696	15.17
AIR FORCE	TOTAL	**176,117**	**163,613**	**7.64**	**1,662,902**	**1,617,763**	**2.79**
	CONUS	103,740	96,915	7.04	980,910	955,605	2.65
	OVERSEAS	35,070	26,355	33.07	318,360	276,465	15.15
ARMY	TOTAL	**138,810**	**123,270**	**12.61**	**1,299,270**	**1,232,070**	**5.45**
	CONUS	69,428	71,944	-3.50	561,144	566,761	-0.99
	OVERSEAS	8,024	7,954	0.88	64,677	62,949	2.75
NAVY	TOTAL	**77,452**	**79,898**	**-3.06**	**625,821**	**629,710**	**-0.62**
	CONUS	11,932	12,929	-7.71	123,871	125,910	-1.62
	OVERSEAS	233	283	-17.67	2,347	2,247	4.45
MARINE CORPS	TOTAL	**12,165**	**13,212**	**-7.92**	**126,218**	**128,157**	**-1.51**
	CONUS	219	249	-12.05	2,289	2,352	-2.68
	OVERSEAS	319	326	-2.15	2,625	2,651	-0.98
COAST GUARD	TOTAL	**538**	**575**	**-6.43**	**4,914**	**5,003**	**-1.78**
	CONUS	$332,514	$320,083	3.88	$3,061,963	$3,034,695	0.90
ALL	OVERSEAS	$72,568	$60,485	19.98	$657,162	$578,008	13.69
COMMISSARIES	TOTAL	**$405,082**	**$380,568**	**6.44**	**$3,719,125**	**$3,612,703**	**2.95**
GROCERY STORES	U.S.[1]	$22.127	$21.515	2.84	$205.462	$196.966	4.31

EXCHANGES

		SEPTEMBER			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
	CONUS	$240,158	$240,082	0.03	$2,139,888	$2,113,156	1.27
	OVERSEAS	172,498	158,372	8.92	1,501,164	1,373,563	9.29
AAFES	TOTAL	**412,656**	**398,454**	**3.56**	**3,641,052**	**3,486,719**	**4.42**
	CONUS[2]	91,075	88,493	2.92	776,921	776,944	0.00
	OVERSEAS[2]	41,976	36,289	15.67	342,320	324,948	5.35
NAVY	TOTAL[2]	**133,051**	**124,782**	**6.63**	**1,119,241**	**1,101,892**	**1.57**
	CONUS	28,314	28,957	-2.22	250,375	255,811	-2.13
	OVERSEAS	5,131	4,863	5.51	43,693	43,799	-0.24
MARINE CORPS	TOTAL	**33,445**	**33,820**	**-1.11**	**294,068**	**299,610**	**-1.85**
	CONUS[3]	6,905	6,839	0.97	60,633	59,554	1.81
	OVERSEAS[3]	514	495	3.84	4,515	4,552	-0.81
COAST GUARD	TOTAL[3]	**7,419**	**7,334**	**1.16**	**65,148**	**64,106**	**1.63**
	CONUS[4]	908	853	6.45	10,903	9,718	12.19
	OVERSEAS[4]	2,323	3,009	-22.80	27,488	27,710	-0.80
MAIL ORDER	TOTAL[4]	**3,231**	**3,862**	**-16.36**	**38,391**	**37,428**	**2.57**
	CONUS	$367,360	$365,224	0.58	$3,238,720	$3,215,183	0.73
	OVERSEAS	$222,442	$203,028	9.56	$1,919,180	$1,774,572	8.15
ALL EXCHANGES	TOTAL	**$589,802**	**$568,252**	**3.79**	**$5,157,900**	**$4,989,755**	**3.37**
DEPARTMENT STORES	U.S.[1]	$10.871	$10.154	7.06	$93.799	$88.715	5.73

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.

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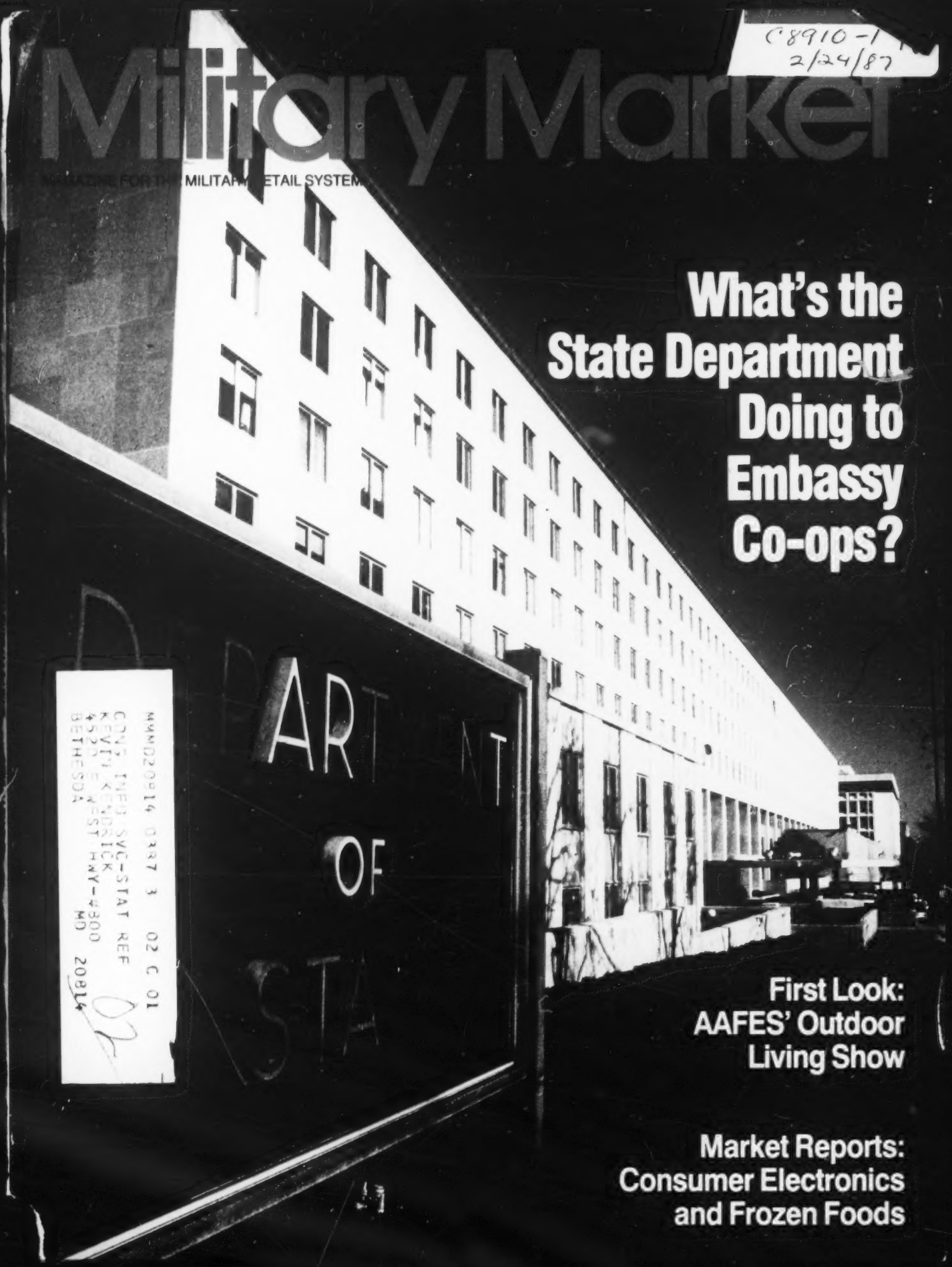
Military Market

MAGAZINE FOR THE MILITARY RETAIL SYSTEM

What's the State Department Doing to Embassy Co-ops?



First Look: AAFES' Outdoor Living Show

Market Reports: Consumer Electronics and Frozen Foods

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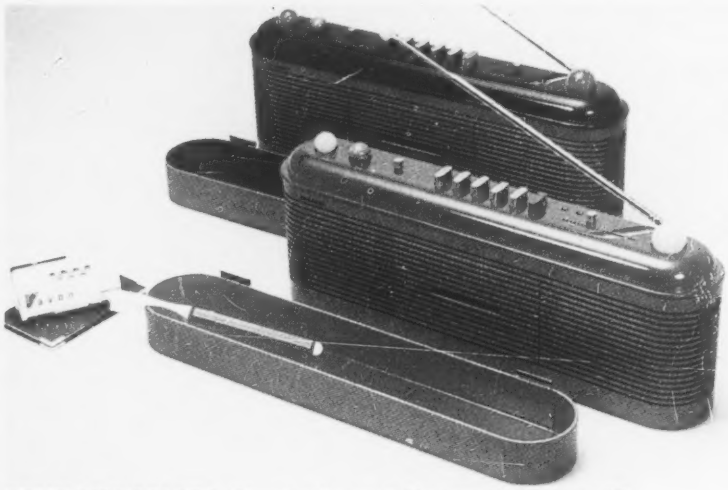

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serving the military resale system

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What's the State Department Doing To Embassy Co-ops?

Inspector General recommends big changes for cooperatives.

By BEVERLY M. JONES
Associate Editor

The employee associations at U.S. embassies overseas will be reorganized as the result of an audit done by the State Department's inspector general.

The IG report recommends sweeping internal changes for the 137 employee associations, although their basic structure will remain intact.

Despite months of foot-dragging, Congressional pressure will apparently prevail in forcing State to make the recommended changes.

The associations are employee-run cooperatives which run retail activities varying from tiny liquor lockers and convenience stores to full scale commmissary and exchange operations. The average operation does between $100,000 and half a million dollars a year in business *[see chart]*.

They also perform contracting at U.S. embassies, consulates and related offices abroad.

The cooperatives are a loose confederation which reports to the State Department's Office of Commissary and Recreation Affairs (OCRA) in Rosslyn, Va.

Rep. Jack Brooks (D-Texas) is chairman of the House Committee on Goverment Operations, which oversees the State Department. Brooks is known for his interest in the status of the associations.

When asked by MILITARY MARKET for a comment on the IG report, Brooks said through a spokesman that, "The Inspector General has produced an excellent report. The report clearly documents the very serious problems that continue to plague the operations of the employee associations.

"In addition, the Inspector General has developed many solid common sense recommendations that should be implemented immediately.

Brooks noted that there has been resistance to the report among some State Department officials:

"I was extremely disappointed when the department's top management rejected virtually all the IG's recommendations. It is only after months of foot-dragging that management has agreed — at least on paper — to implement these long overdue reforms.

"The [Government Operations] committee will be watching very closely to make certain that management lives up to its commitments. In addition, we will looking to see whether even more extensive changes are needed to assure accountability in employee association operations.

"We will be watching them like a hawk. Above all, we will looking at what the State Department management is actually *doing* about these problems, not what they *say* they will do."

Disobeying Department Directives

Despite improvements made in recent years, says the report, "many associations continue to disobey Department directives, fail to implement Department guidelines, have inadequate internal controls, lack accurate and complete accounting and managerial data, have unsound financial practices, and have poorly trained managers."

Changes are needed because, under the agency's current organizational configuration, "the Department doesn't have the capability to rapidly develop the ingredients essential for successful association operations worldwide."

Several State Department officials declined to comment about the report. "We do not publicly comment on internal IG reports," Richard Faulk, director of the agency's operations division, told MILITARY MARKET after the magazine obtained a copy of the report.

"We don't comment on internal audits," said Dan Johnson, special assistant to Donald J. Bouchard, assistant secretary for administration. The secretary oversees the agency's operations division, which supervises OCRA.

Faulk said, however, that the agency "will be implementing the recommendations. We think in the long run that the organization will be a stronger operation organizationally for it."

The Bureau of Administration, which oversees the commissary and recreation affairs office, openly admits there are big problems facing the associations.

"We recognize we made mistakes, but we also don't want to make more mistakes by leaping in recklessly,"

system of the month

What State's IG Report Asks—

■ Revise the existing operations structure to encompass an organization responsible for both monitoring the operations of the associations and for developing the support systems needed by the associations.

■ Convert the source for operating costs from appropriated to nonappropriated funds and hire a technically competent contractor and/or contract staff to develop and deploy the support systems needed by the associations.

■ Revise operating guidelines to include a worldwide charter which would give procedures for reporting any association's noncompliance with department directives and steps for automatically revoking an association's charter if an association repeatedly fails to observe department directives or the charter.

■ Convert the position of executive director for commissary and recreation affairs to a GS position to ensure continuity, and abolish the deputy director position.

■ Tap the existing assets of the central commissary and recreation fund as necessary, to fund the initial activities of the organization.

■ If needed, place special assessments upon the associations during the developmental period to provide additional and future funding for the startup of the organization and support systems.

■ Quantify the amount of future funds needed for developing the expanded organization and developing or procuring, testing and installing support systems.

■ Require all associations to contribute a percentage of their gross sales (excluding contracting revenues) to the central fund to ensure continual funding of the new organization.

■ Categorize associations as large ($100,000 or more in sales) and small (less than $100,000 in sales).

■ Develop and install standardized, worldwide accounting systems which associations with revenues of less than $100,000 can implement and which associations with $100,000 or more in revenues will use.

■ Purchase standardized management information systems and report formats geared to the needs of small and large associations, post and association managers, board members, and department-level managers.

■ Procure standardized financial management practices for both categories of associations.

■ Develop operating procedures for both large and small associations, and manuals and regulations which explain "how to" start up, operate, and maintain associations and activities such as commissaries, exchanges, clubs, eating and sporting facilities.

■ Distribute to association and post managers and board members the department's handbook and messages, issued by Financial Systems, Office of the Comptroller, Under Secretary for Management, which explain why internal controls are needed and how these controls are used.

■ Provide technical teams which will be available to assist associations in setting up and implementing the support systems needed.

■ Ensure that Foreign Service Institute administrative officer training programs include modules on how to operate associations, identify reporting and operating requirements, and specify the services and resources available to associations.

said a State Department official who asked not to be identified.

Current plans call for a follow-up audit in late summer or early fall "to determine whether the office is implementing those recommendations," said Byron Hollingsworth, acting inspector General for the State Department.

Audit Makes Its Points

The IG audit of 21 overseas posts was done between March and November 1985, and was published internally in March 1986. All the 137 employee associations received a copy of the report and "were advised to look at closely," Hollingsworth said.

Basically, the report recommends that the employee associations report to the agency's commissary and recreation affairs office more faithfully than they do now.

They should also contribute to a central fund which would finance an expanded OCRA, develop standardized accounting systems, and sign a new charter that shows they agree with all of the recommendations. *[EDITOR'S NOTE: See list of 16 recommendations on page 20].*

Each State Department employee association is run by a board of directors, elected annually by the membership. The membership consists of the State Department employees stationed at that post, along with their family members. The board hires the commissary manager and runs the recreational activities at that location.

Traditionally, each association was its own island. However, three years ago, the State Department created OCRA to provide support and financial analysis for the associations.

The office maintains the central commissary and recreation fund (currently about $1.2 million). The central fund is supported by voluntary contributions from the associations, and is used like a bank, providing them with interest-free loans.

One of the toughest questions facing the system is whether OCRA should continue as an appropriated fund agency, supported by the State Department, or if it should be funded by contributions from the associations. The report suggests that the costs of the office be paid from nonappropriated funds sources, thus "saving the government at least $179,00 annually."

The nonappropriated funds would come from the associations. They would be required — not asked — to contribute a percentage of their sales to the fund. This would "cover the new organization's expenses, provide loans or grants to constituent associations and . . . develop required support systems."

Many Problems

The audit identified a number of major problem areas in association management:

■ ". . . Many associations are disobeying reporting and operational requirements or are not implementing department guidelines."

■ Accounting systems are inaccurate, not current or nonexistent.

■ Local management information reports are not geared to provide post or association managers accurate or complete information.

■ Existing financial practices expose associations to unnecessary risk.

■ There is a lack of trained, qualified managers.

■ There are inadequate internal controls for preventing waste, fraud and mismanagement.

■ Voting rights in employee associations are not limited to U.S. government employees residing at the post.

■ Third country diplomats are often given access to association facilities.

Inconsistent Finances

Many posts have no formal accounting procedures. If they do exist, they are not always kept up to date.

"At about one-third of the posts sampled, crucial documents were missing, financial records were incomplete or incomprehensible, or the records did not exist," the auditor said in their report.

Associations are required to submit financial reports every six months and conduct annual audits of their operations. However, 38 percent of the associations sampled missed those deadlines. "Some posts received three to four reminders and still failed to submit the information."

When they did send financial data to the department, it was sometimes inaccurate or incompatible with other information. As a result, outside auditors were unable to complete a thorough financial anaylsis of many association facilities.

Of the 21 associations surveyed, 58 percent had unusable accounting records, 42 percent did not use a chart for accounts, and 46 percent had records which were not current. In addition, 42 percent of the posts were assessed as having poor cash management and no receipts for release of petty cash.

"The need for adequate internal controls was highlighted when a State Department inspection team discovered an assistant association manager was embezzling funds, but the post was unable to quantify the extent of the embezzlement because accounting records were unreliable," the report said.

Inexperienced Managers

Accurate financial records result from consistently reliable management, but this is a variable at associations, the report asserts. Many managers and board members are new and inexperienced and "therefore learn by trial and error, mostly error."

Many managers have neither the time nor the resources to develop support systems like standardized accounting or management information devices that would that help them monitor their operations.

"Association personnel do not know how to set up and maintain accounting systems and do not have the staff for such projects." Lacking the reports needed to perform the job effectively, managers have a tough time assessing the association's business needs.

A survey of 33 association managers found that:

■ 45 percent had 12 or fewer months of experience.

■ 21 percent had one to three years experience.

■ 27 percent were spouses of post personnel.

■ 33 percent were local nationals.

■ 33 percent were U.S. contract employees.

According to the audit, some managers at smaller stores adopted their own management systems because the official operating handbook did not apply. "Some associations lacked the resources to comply with the handbook requirements . . . while some found the guidelines inapplicable to implement."

The department will have to revise its handbook, the report recommended, so all the procedures can apply to all the associations.

But the problems go deeper than a handbook. At the posts surveyed, 71 percent of the principal officers [generally the ambassador] indicated no involvement with the local association. Instead, they delegated that responsibility to a deputy.

As a result, the ambassadors or their designees "were unaware their associations were not complying with department reporting and were not addressing weaknesses within the association."

State requires that each ambassador periodically review his association's operation and monitor its activities to make sure that it is managed prudently.

However, the report said that ambassadors had more important priorities and did not have the time to become involved and "could not provide the required vigilance."

The report noted that association managers and board members have little or no motivation to comply with State Department requirements if the embassy management doesn't have time to bother with associations, either.

GAO Report Hits Contracting

While the State Department's IG report tackled the management and operation problems of the associations, a separate General Accounting Office report published around the same time attacked the contracting operations of the employee associations.

The GAO report said that, as of November 1985, 67 of the 137 employee assoications had contracts with the government, involving more than 8,800 contract employees and valued at $38 million. Embassies have contracted with associations to provide services such as security guards, maintenance workers, and janitors.

"We recommend terminating existing service contracts between embassies and employee associations as soon as possible," the GAO report said. A State Department decision to end association contracts was a direct result of the GAO report.

Richard Faulk, the agency's operations director, told MILITARY MARKET last June that, "in the long run, it [the decision to end the contracts] will have little or no effect on the facilities."

All contracts are to be dissolved by September 1987 and replaced by contracts with local personnel or outside contractors.

Contracts were "sham contracts under which employee associations performed minimal contract administration functions while profiting from management fees," the GAO report said.

According to the GAO, associations used profits from contracting to subsidize activities such as snack bars and recreation centers. Department guidelines say such profits are not normally allowed because an association is not an independent entity and assumes no risk in contracting with the government. MM

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COMMISSARIES

		OCTOBER			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
	CONUS	$165,386	$160,953	2.75	$1,559,135	$1,545,020	0.91
	OVERSEAS	32,601	29,459	10.67	301,754	263,155	14.67
AIR FORCE	TOTAL	**197,987**	**190,412**	**3.98**	**1,860,889**	**1,808,175**	**2.92**
	CONUS	115,185	109,515	5.18	1,096,095	1,065,120	2.91
	OVERSEAS	38,430	33,180	15.82	356,790	309,645	15.23
ARMY	TOTAL	**153,615**	**142,695**	**7.65**	**1,452,885**	**1,374,765**	**5.68**
	CONUS	57,224	55,798	2.56	618,368	622,559	-0.67
	OVERSEAS	6,667	6,303	5.78	71,334	69,252	3.02
NAVY	TOTAL	**63,891**	**62,101**	**2.88**	**689,712**	**691,811**	**-0.30**
	CONUS	14,603	14,629	-0.18	138,474	140,540	-1.47
	OVERSEAS	274	284	-3.52	2,620	2,531	3.52
MARINE CORPS	TOTAL	**14,877**	**14,913**	**-0.24**	**141,094**	**143,071**	**-1.38**
	CONUS	291	302	-3.64	2,580	2,654	-2.79
	OVERSEAS*	280	277	1.08	2,905	2,927	-0.75
COAST GUARD	TOTAL	**571**	**579**	**-1.38**	**5,485**	**5,581**	**-1.72**
	CONUS	$352,689	$341,197	3.37	$3,414,652	$3,375,893	1.15
ALL	OVERSEAS	$78,252	$69,503	12.59	$735,413	$647,510	13.58
COMMISSARIES	TOTAL	**$430,941**	**$410,700**	**4.93**	**$4,150,065**	**$4,023,403**	**3.15**
GROCERY STORES	U.S.[1]	$23.808	$22.408	6.29	$229.465	$219.374	4.60

* estimated

EXCHANGES

		OCTOBER			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
	CONUS	$246,917	$233,339	5.82	$2,386,805	$2,346,495	1.72
	OVERSEAS	180,390	157,904	14.24	1,681,554	1,531,467	9.80
AAFES	TOTAL	**427,307**	**391,243**	**9.22**	**4,068,359**	**3,877,962**	**4.91**
	CONUS[2]	95,467	91,111	4.78	872,388	868,055	0.50
	OVERSEAS[2]	42,176	37,676	11.94	384,496	362,624	6.03
NAVY	TOTAL[2]	**137,643**	**128,787**	**6.88**	**1,256,884**	**1,230,679**	**2.13**
	CONUS	29,915	29,434	1.63	280,291	285,244	-1.74
	OVERSEAS	4,990	4,669	6.88	48,683	48,469	0.44
MARINE CORPS	TOTAL	**34,905**	**34,103**	**2.35**	**328,974**	**333,713**	**-1.42**
	CONUS[3]	6,877	6,482	6.09	67,510	66,036	2.23
	OVERSEAS[3]	512	492	4.07	5,027	5,044	-0.34
COAST GUARD	TOTAL[3]	**7,389**	**6,974**	**5.95**	**72,537**	**71,080**	**2.05**
	CONUS[4]	1,318	1,213	8.66	12,221	10,931	11.80
	OVERSEAS[4]	2,719	3,620	-24.89	30,207	31,331	-3.59
MAIL ORDER	TOTAL[4]	**4,037**	**4,833**	**-16.47**	**42,428**	**42,262**	**0.39**
	CONUS	$380,494	$361,579	5.23	$3,619,215	$3,576,761	1.19
	OVERSEAS	$230,787	$204,361	12.93	$2,149,967	$1,978,935	8.64
ALL EXCHANGES	TOTAL	**$611,281**	**$565,940**	**8.01**	**$5,769,182**	**$5,555,696**	**3.84**
DEPARTMENT STORES	U.S.[1]	$11.890	$11.216	6.01	$105.684	$99.931	5.76

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.

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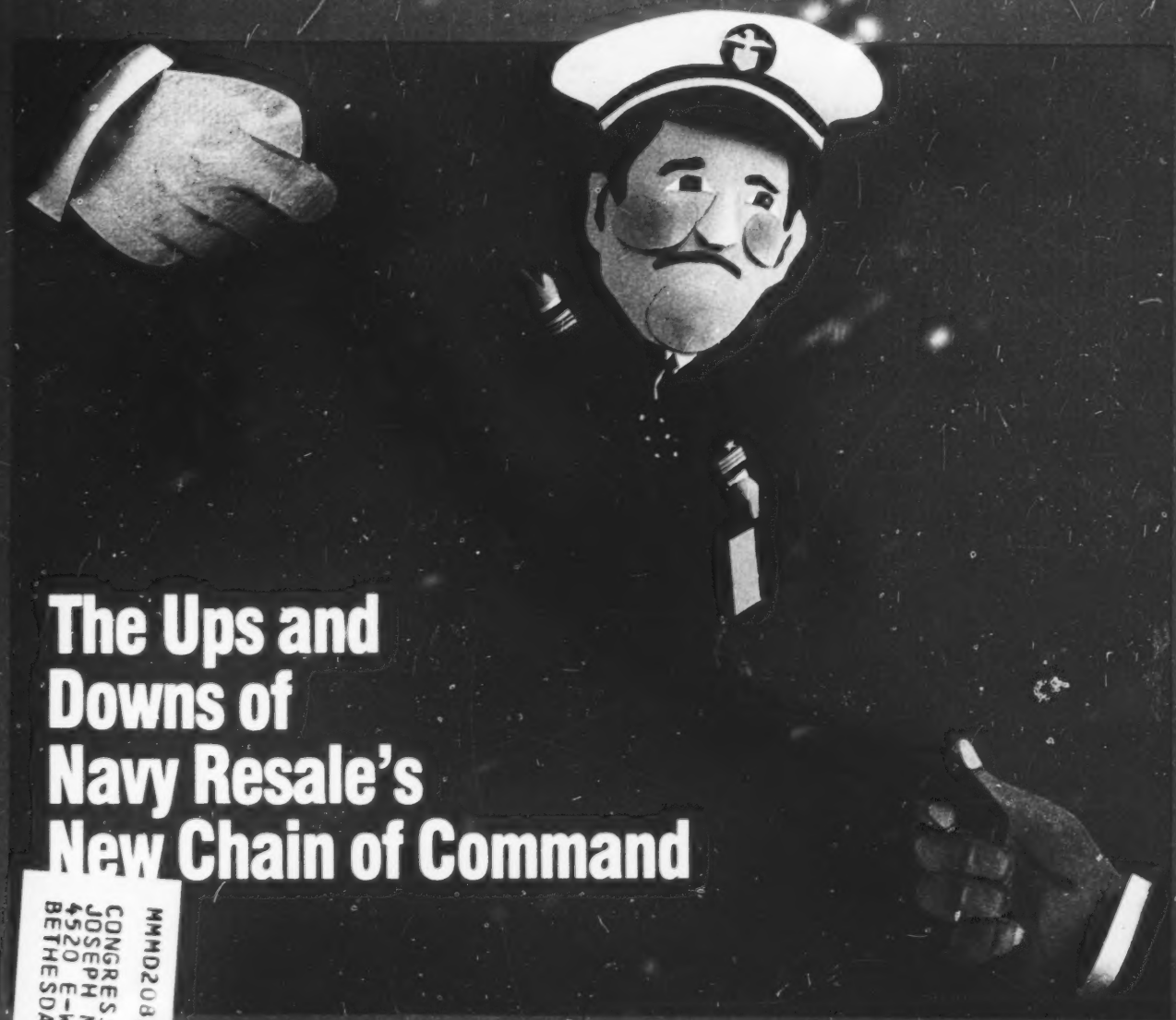

The Ups and Downs of Navy Resale's New Chain of Command

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CONGRESSIONAL INFO SVC
JOSEPH MCNALLY
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Inside:
An Upfront Look at
Diet Food Trends

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COVER ART and DESIGN BY MIRIAM MacPHERSON; PHOTOGRAPHS BY KATE PATTERSON

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serving the military resale system

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Total Customer Savings — WECOR

(Fiscal 1985, 1986, part of 1987)

	Fiscal 1985	*Fiscal 1986*	*% Increase*	*1st Quarter Fiscal 1987 % Increase*
VPR	$11,216,636	$11,537,167	+2.9	+14.2
Coupon Redemptions	$1,720,749	$2,869,442	+66.8	+80.4
Total Savings	***$12,937,385***	***$14,406,609***	***+11.4***	***+25.8***

SOURCE: Western Commissary Region, TSA

WECOR — 1st Quarter Sales Performances Fiscal 1986 versus Fiscal 1987

Store	*October–December 1985*	*October–December 1986*	*% Change*
Dugway	$419,805	$416,629	-0.8
Fort Huachuca	4,268,779	4,268,244	NC
Fort Irwin	1,043,442	1,198,193	+14.8
Fort Lewis	10,356,433	11,345,442	+9.5
Oakland AB	1,913,614	1,636,667	-14.5
Fort Ord	9,149,302	9,607,103	+ 5.0
Presidio of SF	4,842,729	4,794,067	- 1.0
Sierra Army Depot	497,756	514,032	+ 3.3
Yuma	500,522	521,457	+ 4.2
Fort Greely	564,421	547,570	- 3.0
Fort Richardson	2,550,711	3,358,641	+31.7
Fort Wainwright	2,018,447	2,172,567	+ 7.6
Pusan	594,311	567,697	- 4.5
Taegu	1,603,602	1,718,615	+ 7.2
Yongsan	8,095,280	8,289,874	+ 2.7
Schofield Bks	7,636,565	8,307,309	+ 8.8
Sagamihara	1,754,147	2,195,503	+25.2
Total	***$57,809,866***	***$61,459,610***	***+ 6.3***

SOURCE: Western Commissary Region, TSA

Army's WECOR Hopes Smart Sales Programs Will Lead To Sales Increases

One of the busiest stores in WECOR — Fort Wainwright, Alaska — is housed in one of the region's worst buildings, said Col. Charles Wiker, commander of the Troop Support Agency's Western Commissary Region.

"Wainwright has produce in the cellar," Wiker said with dismay. Plans are on the drawing board for a new store at Wainwright, projected to be completed in June 1989. The post is also expecting an increase of 2,000 soldiers over the next two years, which will help sales there.

TSA's beefed-up construction program has helped WECOR. *[Editor's note: See chart on facing page.]*

New stores have been opened at Fort Lewis, Wash., and Fort Ord, Calif., and others are planned

Sales at Fort Richardson, Alaska, had the largest sales increase in WECOR — up 31 percent in the first quarter of fiscal 1987 versus the previous year. In Alaska, however, it's hard not to do well, because food prices outside the commissary are so high that patrons don't stray from shopping at the store.

Sales in Army's Western region totaled $230 million in fiscal 1986. Sales in the first quarter of fiscal year 1987 were up 6.3 percent.

TSA's Commander, Brig. Gen. James S. Hayes, has asked all TSA regions for a sales increase of 4 percent this year, but Wiker said he believes his region can do better.

"I'm looking for a 7-percent increase this year," he said, and pointed to his region's "double-digit stores" at Fort Irwin, Fort Richardson and Sagamihara, Japan, as big sales producers. *[Editor's note: See chart on facing page.]*

WECOR's merchandising chief, David Warnke, introduced to the ALA audience a new merchandising concept called the Patron Service Center. Basically a counter with cubby holes, the Center will hold various kinds of information, including coupons, base papers and flyers. The service center will not take the place of point-of-sale material, but will supplement it, Wiker told industry members.

Patron Service Centers will be located near store entrances.

One way to attract patrons is through videotapes. "We're starting to shoot a video about commissaries for newcomers," said Warnke. The video would explain how the commissary works and how much customers save. It will be shown at welcome aboard briefings, wives club functions and other post activities.

The 17 stores in WECOR are also vying for the "Best Dressed in the West" competition. The idea behind the contest is to promote good merchandising techniques and healthy competition between stores.

"We want all our stores to be equally attractive," Warnke said.

Midwest Region

"Top Gun" may be considered a Navy term and a box-office hit at movie theaters, but according MWCOR's merchandising and marketing chief Jerry Brazil, it means more than that.

Top guns in TSA's Midwest Commissary Region are the top-selling products in any one commodity group. "We look at the scanning sheets at each store to determine who the top guns are within 11 commodities," Brazil said. The new program is still in its infancy, but Brazil said that, in the future, subcommodity top guns will be created.

The region has tested coupon dispensing machines at Fort Bliss and Fort Sam Houston, Texas, and has decided to install them in other stores by July 8. The machines are a benefit for industry as well as the customer, Brazil said.

An indirect but effective way to increase sales, Brazil maintained, is through the Uniform Space Allocation program. "By looking at the consumption of two months within a commodity group, you find what number of cases should be allocated on that shelf," he said.

Then, at a reset, if the results indicate that a reduction of 25 linear feet is necessary, for example, Brazil said, you know that only the best-selling, fast-moving items have facings.

Col. Charles Wiker, commander of the Western commissary region for the Troop Support Agency.

Jerry Brazil, chief of the merchandising and marketing branch for TSA's Midwest region.

Military Market index

COMMISSARIES

		NOVEMBER			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
	CONUS	$155,944	$156,798	-0.54	$1,715,079	$1,701,818	0.78
	OVERSEAS	31,605	29,595	6.80	333,359	292,750	13.87
AIR FORCE	TOTAL	**187,550**	**186,393**	**0.62**	**2,048,439**	**1,994,567**	**2.70**
	CONUS	112,000	108,990	2.76	1,208,095	1,174,110	2.89
	OVERSEAS	38,000	34,440	10.34	394,790	344,085	14.74
ARMY	TOTAL	**150,000**	**143,430**	**4.58**	**1,602,885**	**1,518,195**	**5.58**
	CONUS	61,203	62,410	-1.93	679,571	684,969	-0.79
	OVERSEAS	6,792	6,707	1.27	78,136	75,959	2.87
NAVY	TOTAL	**67,995**	**69,117**	**-1.62**	**757,707**	**760,928**	**-0.42**
	CONUS	13,485	14,764	-8.66	151,959	155,304	-2.15
	OVERSEAS	254	266	-4.51	2,874	2,797	2.75
MARINE CORPS	TOTAL	**13,739**	**15,030**	**-8.59**	**154,833**	**158,101**	**-2.07**
	CONUS	242	263	-7.98	2,821	2,918	-3.32
	OVERSEAS	314	353	-11.05	3,218	3,280	-1.89
COAST GUARD	TOTAL	**556**	**616**	**-9.74**	**6,041**	**6,198**	**-2.53**
	CONUS	$342,874	$343,225	-0.10	$3,757,525	$3,719,119	1.03
ALL	OVERSEAS	$76,965	$71,360	7.85	$812,377	$718,871	13.01
COMMISSARIES	TOTAL	**$419,839**	**$414,585**	**1.27**	**$4,569,902**	**$4,437,990**	**2.97**
GROCERY STORES	U.S.[1]	$23.301	$22.964	1.47	$252.664	$242.338	4.26

EXCHANGES

		NOVEMBER			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
	CONUS	$274,895	$257,881	6.60	$2,661,700	$2,604,376	2.20
	OVERSEAS	193,891	169,261	14.55	1,875,445	1,700,728	10.27
AAFES	TOTAL	**468,786**	**427,142**	**9.75**	**4,537,146**	**4,305,104**	**5.39**
	CONUS[2]	100,654	93,112	8.10	973,042	961,167	1.24
	OVERSEAS[2]	41,655	38,960	6.92	426,151	401,584	6.12
NAVY	TOTAL[2]	**142,309**	**132,072**	**7.75**	**1,399,193**	**1,362,751**	**2.67**
	CONUS	31,449	32,134	-2.13	311,739	317,378	-1.78
	OVERSEAS	4,723	5,231	-9.71	53,406	53,700	-0.55
MARINE CORPS	TOTAL	**36,172**	**37,365**	**-3.19**	**365,146**	**371,078**	**-1.60**
	CONUS[3]	7,414	7,038	5.34	74,924	73,074	2.53
	OVERSEAS[3]	552	506	9.09	5,579	5,550	0.52
COAST GUARD	TOTAL[3]	**7,966**	**7,544**	**5.59**	**80,503**	**78,624**	**2.39**
	CONUS[4]	1,757	1,640	7.13	13,978	12,571	11.19
	OVERSEAS[4]	2,918	4,365	-33.15	33,125	35,695	-7.20
MAIL ORDER	TOTAL[4]	**4,675**	**6,004**	**-22.14**	**47,103**	**48,266**	**-2.41**
	CONUS	$416,169	$391,805	6.22	$4,035,383	$3,968,566	1.68
	OVERSEAS	$243,739	$218,323	11.64	$2,393,706	$2,197,257	8.94
ALL EXCHANGES	TOTAL	**$659,908**	**$610,128**	**8.16**	**$6,429,089**	**$6,165,823**	**4.27**
DEPARTMENT STORES	U.S.[1]	$14.282	$13.910	2.67	$119.886	$113.841	5.31

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.

TSA's Midwest Region Stays Creative With Its 'Top Gun'

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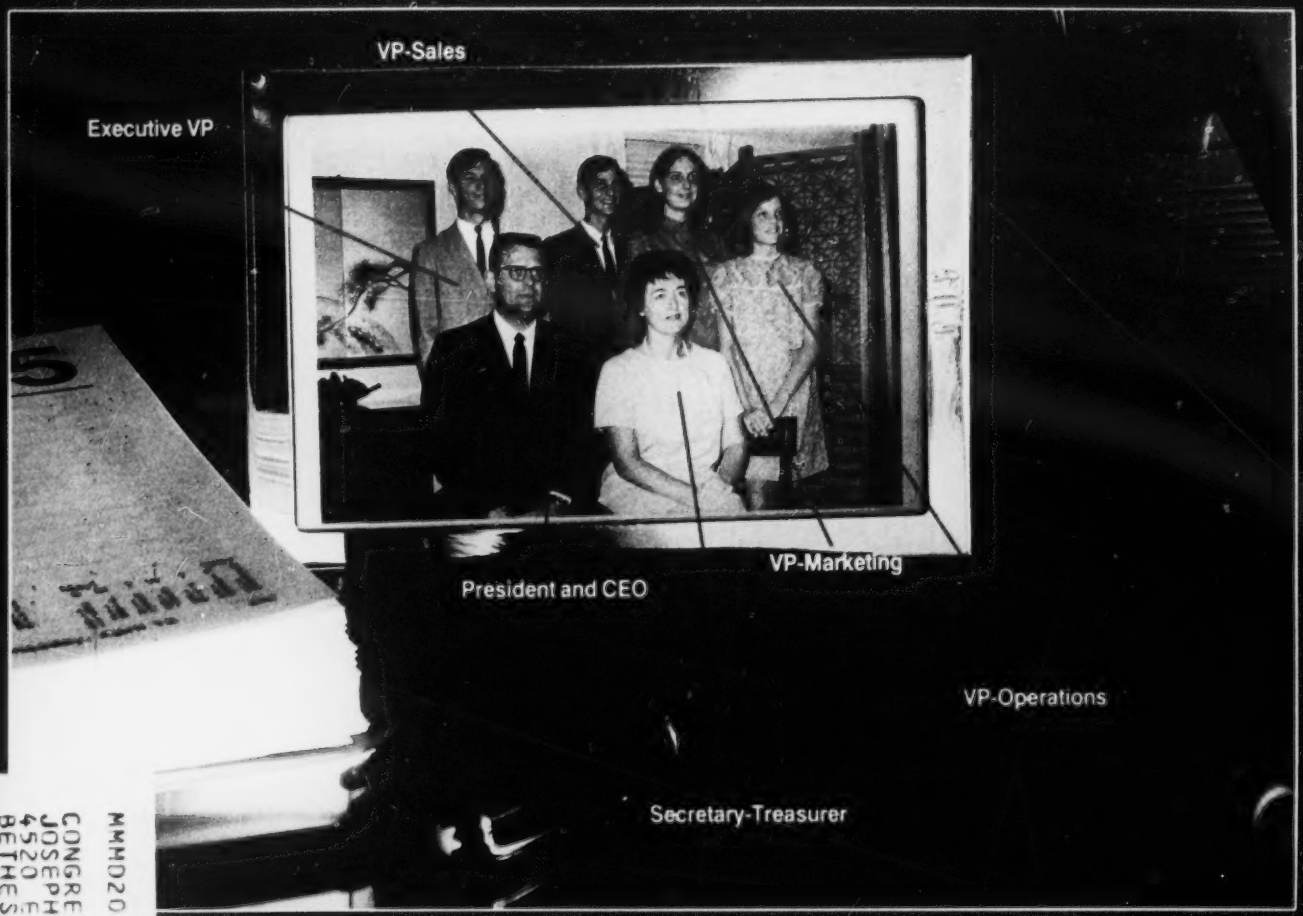

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DYNASTIES

Working, Living, Loving in the Family's Brokerage Business

These Numbers Just In:

AAFES' Million-Dollar Vendor List for 1986

Plus This Latest Who's Who:

The 1987 Directory of Military Representatives

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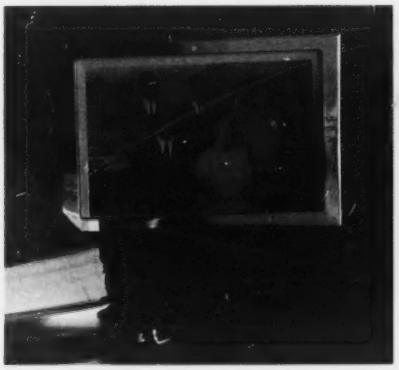

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NOTE: In the cover photo, the photograph in the silver frame is NOT a picture of an actual resale family.

COVER DESIGN BY MIRIAM MacPHERSON; PHOTOGRAPH BY TRACY WOODWARD

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AAFES' Million-Dollar Vendors

The following is a list of 575 suppliers who did around $1 million or much more worth of business with the Army and Air Force Exchange Service during fiscal 1986. Companies are listed in order of their total dollar involvement with AAFES. The source of this information is official AAFES records. Copies of the entire list — including both ConUS and overseas net payments — are available from MILITARY MARKET, *Springfield, Virginia 22159-0210.*

1	DEFENSE PERSONNEL	$114,335,714.11
2	PHILIP MORRIS, INC	$38,291,606.72
3	CHEVRON USA, INC	$38,205,545.31
4	EASTMAN KODAK CO	$32,936,816.99
5	R.J. REYNOLDS TOBACCO CO	$22,684,497.00
6	PROCTER & GAMBLE DIST	$22,602,404.04
7	TEXACO, INC	$20,209,484.64
8	BEVERAGES FOODS & SVC	$20,096,955.83
9	GASCO GASOLINE, INC	$19,177,504.33
10	FRITO-LAY, INC	$18,907,918.15
11	REVLON, INC	$18,847,573.36
12	LEVI STRAUSS & CO	$18,705,406.91
13	DISTRON DIST. CTR	$16,362,818.29
14	RCA NEW PRODUCTS DIV	$15,858,359.16
15	COCA-COLA EXPORT CORP	$14,829,034.90
16	ANHEUSER-BUSCH, INC	$14,411,373.31
17	COMMODORE BUSINESS	$14,022,585.39
18	APPLE COMPUTER, INC	$13,893,395.81
19	BELCHER OIL CO	$13,592,566.44
20	PANASONIC WEST, INC	$13,347,928.30
21	JESCO, INC	$12,958,330.44
22	AMERICAN GREETINGS	$12,801,706.76
23	WEINTRAUB BROS & CO	$12,295,793.86
24	SHARP ELECTRONIC CORP	$11,677,081.47
25	BLACK AND DECKER	$11,416,214.02
26	POLAROID CORP	$11,167,343.22
27	SPRINGS IND., INC	$11,071,617.99
28	FISHER CORP	$11,005,258.10
29	NIKE, INC	$10,927,255.89
30	M & M MARS	$10,898,221.39
31	THE GILLETTE COMPANY	$10,864,459.70
32	WEA CORP	$10,837,431.06
33	ANNEDEEN/REEBOK	$10,786,069.97
34	TESORO REF & MARKETING	$10,783,388.90
35	ARTEX MFG CO., INC	$10,654,345.89
36	COASTAL STATES MKTING	$10,370,379.17
37	MATTEL TOYS	$10,273,780.50
38	MINNESOTA MINING MFG CO	$10,268,275.94
39	CBS RECORDS	$10,255,321.81
40	PROMANA INC	$10,246,102.89
41	GENERAL ELECTRIC CO	$10,134,010.05
42	EXXON COMPANY USA	$10,054,399.36
43	BROWN & WILLIAMSON	$10,020,763.82
44	JOCKEY INTERNATIONAL	$9,771,172.05
45	ACME BOOT CO., INC	$9,726,421.70
46	MANHATTAN STORE	$9,244,743.98
47	CANNON MILLS	$9,103,512.34
48	MAX FACTOR & CO	$8,844,144.15
49	GOODYEAR INT'L CORP	$8,619,961.80
50	MONARCH CROWN CORP	$8,566,068.69
51	BALFOOR INC	$8,244,651.88
52	JOHNSON & JOHNSON	$8,172,275.45
53	HANES HOSIERY	$8,066,735.68
54	KIMBERLY-CLARK CORP	$8,024,413.28
55	ORIGINAL DESIGNS, INC	$8,009,927.53
56	ELIZABETH ARDEN	$8,008,364.12
57	ZENITH ELECTRONICS CORP	$7,931,041.73
58	U.S. OIL CO., INC	$7,846,272.18
59	BRIGADE BRANDS LTD	$7,800,464.24
60	CONOCO INC	$7,610,088.06
61	AMERADA HESS CORP	$7,534,399.70
62	AMOCO OIL CO	$7,212,324.41
63	AETNA LIFE & CASUALTY	$7,141,018.18
64	BOSE CORP	$7,102,987.45
65	FISHER-PRICE TOYS	$7,029,563.17
66	HERSHEY CHOCOLATE CO	$6,998,070.27
67	THE COMPANY WEST	$6,943,721.12
68	KANGAROOS USA, INC	$6,916,910.85
69	HALLMARK CARDS, INC	$6,911,878.14
70	PAN AMERICAN DIA CORP	$6,888,753.25
71	TOSHIBA AMERICA, INC	$6,730,675.08
72	LORILLARD INC	$6,721,255.65
73	MCA RECORDS DIST. CORP	$6,687,778.42
74	HAGGAR CO	$6,673,409.94
75	TOLSON OIL CO	$6,620,001.39
76	PIONEER VIDEO, INC	$6,617,866.08
77	NABISCO INC	$6,565,771.53
78	WOLVERINE WORLD WIDE	$6,452,748.88
79	MICHELIN TIRE CORP	$6,338,029.26
80	CANON U.S.A, INC	$5,870,343.78
81	MTD PRODUCTS, INC	$5,855,201.52
82	FREEMAN SHOE CO	$5,673,072.46
83	KENWOOD ELECTRONICS, INC	$5,668,054.82
84	SHIRE MAGNETICS CO	$5,627,166.61
85	UNION CARBIDE CORP	$5,619,573.79
86	TESORO-ALASKA	$5,589,692.31
87	EVEREADY BATTERY CO	$5,568,520.63
88	NCR	$5,568,024.86
89	ARA SERVICES	$5,420,427.26
90	NABISCO INC	$5,391,200.26
91	HOOVER CO	$5,230,495.03
92	CORNING GLASS WORKS	$5,219,793.51
93	ABSHER CONSTRUCTION CO	$5,147,128.00
94	INT'L PLAYTEX, INC	$5,132,309.05
95	STUART HALL CO., INC	$5,124,606.23
96	ESTEE LAUDER INTL., INC	$5,079,343.53
97	US TOBACCO CO	$5,062,454.14
98	E.J. BRACH & SONS	$5,010,765.97
99	SYSCO FOOD SYSTEMS	$5,003,638.01
100	OSTER CORP	$4,806,767.37
101	SANDBERG & SIKORSKI	$4,791,942.05
102	MILITARY & SPEC. MARKETS	$4,774,986.39
103	OROAMERICA	$4,773,546.47
104	GENERAL SERVICES ADMIN	$4,766,556.97
105	MAIDENFORM, INC	$4,735,484.03
106	KRAFT, INC	$4,698,778.15
107	DR. PEPPER BEV SALES CO	$4,677,487.38
108	QUAKER STATE OIL	$4,641,952.00
109	CAPITOL RECORDS, INC	$4,586,514.56
110	GENERAL FOODS CORP	$4,549,028.24
111	AMERICAN TOBACCO CO	$4,539,397.68
112	MINOLTA CORP	$4,440,719.51
113	VANITY FAIR MILLS, INC	$4,355,773.19
114	ARROW CO	$4,347,542.40
115	KRAFT RETAIL FOOD	$4,341,976.24
116	CARNATION CO	$4,295,853.09
117	HANES KNITWEAR, INC	$4,281,473.32
118	BASKIN ROBBINS, INC	$4,201,315.34
119	SEVEN-UP ENTERPRISES	$4,200,662.78
120	SMITH-CORONA	$4,167,654.82
121	TYSONS FOODS, INC	$4,159,588.66
122	OSCAR MAYER & CO	$4,157,646.43
123	NABISCO BRANDS, INC	$4,104,194.26
124	M. FABRIKANT AND SON	$4,076,705.56
125	RADIO SHACK	$4,054,695.17
126	COLGATE PALMOLIVE CO	$4,052,878.44
127	MILLER BREWING CO	$4,041,304.58
128	CASIO, INC	$3,964,946.13
129	N.S. MEYER, INC	$3,956,018.01
130	S.C. JOHNSON & SON, INC	$3,899,861.64
131	FIELDCREST MILLS, INC	$3,888,264.71
132	GOLD STAR ELEC. INT. LTD	$3,883,750.29
133	RICHARDSON-VICKS, INC	$3,879,131.84
134	SEIKO TIME CORP	$3,870,088.08
135	JOHN K. KEALY CO	$3,863,670.94
136	RUSSELL CORP	$3,861,290.55
137	VANCO	$3,847,306.71
138	M.J. SOFFE CO., INC	$3,764,820.54
139	SANYO ELECTRIC, INC	$3,739,905.74
140	NCR CORP	$3,719,888.25
141	SUNBEAM APPL SVC CO	$3,711,332.98
142	NORTH SLOPE TECHNICAL	$3,706,917.67
143	CHAMPION PRODUCTS, INC	$3,701,613.78
144	AIRWAY IND., INC	$3,699,247.16
145	LIGHTHOUSE IND. FOR BLIND	$3,595,747.93
146	AUDIOVOX CORP	$3,583,302.34
147	ACTION INDUSTRIES, INC	$3,543,932.49
148	L'EGGS PRODUCTS	$3,543,829.49
149	QUAKER OATS CO	$3,535,328.35
150	HEALTH-TEX, INC	$3,519,444.03
151	VANGUARD MIL. EQUIP. CORP	$3,501,800.50
152	LIGGETT & MYERS TOB. CO	$3,500,119.51
153	HUFFY CORP	$3,498,076.20
154	BEAIRD-POULON/WEED EATR	$3,485,606.13
155	SINGER CO	$3,464,497.66
156	IRA GREEN, INC	$3,448,721.69
157	CAMPBELL SOUP CO	$3,440,872.96
158	LIZ CLAIBORNE, INC	$3,346,856.83
159	STEDMAN CORP	$3,301,792.41
160	KIWI POLISH CO. USA DIV	$3,288,865.07
161	DANAL/ACCESS ASSOC., INC	$3,280,608.61
162	CHEVRON CHEMICAL CO	$3,279,008.03
163	ARMOUR AND COMPANY	$3,278,399.17
164	FIN & ACT OFFICER	$3,238,905.81
165	INGRAM SOFTWARE, INC	$3,235,677.96
166	SONOCO PRODUCTS CO	$3,218,913.53
167	BERKLINE CORPORATION	$3,191,011.31
168	POLYGRAM DIST., INC	$3,189,006.88
169	CAPITAL MERCURY SHIRT	$3,172,348.36
170	FARAH MFG CO	$3,147,981.20
171	CHARLES OF THE RITZ	$3,144,521.53
172	R.D. LOWMAN GENERAL CON	$3,141,721.69
173	HARRY SUGERMAN, INC	$3,137,[illegible]2.58
174	MAGIC CHEF, INC	$3,087,640.28
175	LEVER BROS CO	$3,076,901.32
176	IBM	$3,054,[illegible]45
177	C. LLOYD JOHNSON CO. INC	$3,002,395.71
178	LIFE SAVERS, INC	$2,995,810.86
179	NEW BALANCE ATHLETIC	$2,988,580.86
180	KELLOGG SALES CO	$2,978,279.43
181	BULOVA WATCH CO., INC	$2,969,965.94
182	MAGICOLOR PAINT CO	$2,960,477.20
183	SAMSONITE FURNITURE CO	$2,952,508.34
184	MIKASA	$2,931,261.72
185	L'OREAL	$2,928,853.15
186	RUSS BERRIE & CO., INC	$2,927,262.85
187	DAVIS CLOTHING CO	$2,925,909.76
188	DNP AMERICA, INC	$2,913,598.10
189	TIMEX CORP	$2,910,512.20
190	BORDEN, INC	$2,909,138.47
191	INTERCRAFT IND. CORP	$2,898,850.95
192	PENDLETON WOOLEN MILLS	$2,866,185.02
193	CONTINENTAL BAKERY	$2,838,227.73
194	ROEBBELENTNG, INC	$2,832,441.94
195	SWEDI INTL	$2,830,823.89
196	MOBIL OIL CREDIT CORP	$2,821,115.80
197	BURLINGTON IND	$2,809,320.56
198	CONVERSE, INC	$2,752,134.74
199	NIKON PHOTO PROD. DIV	$2,749,971.44
200	CARTER-WALLACE, INC	$2,744,119.51
201	WENDELL LOCKARD	$2,686,495.60
202	COVE SHOE CO	$2,686,576.96
203	MASSEE BUILDERS, INC	$2,659,718.87
204	KEEBLER CO	$2,647,836.84
205	HERTNER DIVISION	$2,642,674.13
206	WILLIAM CARTER CO	$2,633,138.28
207	BELL FUELS	$2,628,012.76
208	CHILD CRAFT	$2,624,575.86
209	MURRAY OHIO MFG. CO	$2,623,868.73
210	H COTLER CO., INC	$2,614,148.45
211	A & M RECORDS	$2,582,667.97
212	SONY CORP OF AMERICA	$2,581,965.56
213	CALVIN KLEIN	$2,579,762.82
214	UNION UNDERWEAR CO	$2,569,929.99
215	VERDI INTERNATIONAL, INC	$2,562,696.00
216	BROWN SHOE COMPANY	$2,559,147.79
217	CHESEBROUGH-PONDS, INC	$2,555,341.13
218	KEMFAST TEXTILES, INC	$2,543,739.78
219	EKCO HOUSEWARES CO	$2,523,231.57
220	CAMPUS SPORTSWEAR	$2,493,812.25
221	DEXTER SHOE CO	$2,486,049.64
222	RETAIL FRAGRANCE DIV	$2,484,135.92
223	S.H.S. GARMENT, INC	$2,462,823.73
224	LEE COMPANY	$2,441,702.16
225	BEECHAM PRODUCTS	$2,440,896.48
226	BRIGADE QUARTERMASTERS	$2,440,842.66
227	ONEIDA LTD	$2,432,573.82
228	PENNZOIL COMPANY	$2,431,261.11
229	FIRESTONE TIRE&RUBBER	$2,414,167.26
230	MENNEN CO	$2,389,863.96
231	NORTHERN ELECTRIC CO	$2,387,266.70
232	INT'L SEAWAY TRADING CO	$2,386,773.65
233	HASBRO BRADLEY, INC	$2,386,536.06
234	GOEBEL UNITED STATES	$2,365,809.93
235	ATLAS CHAIN CO	$2,360,523.54
236	THE STROH BREWERY CO	$2,360,304.37
237	SMOKE CRAFT, INC	$2,347,791.59
238	BUSTER BROWN APPAREL	$2,346,907.38
239	COSCO/PETERSON	$2,343,232.56
240	BEATRICE REFRIGERATED	$2,337,886.35
241	NATION PIZZA PRODUCTS	$2,334,668.69
242	TOWN & COUNTRY	$2,333,518.32
243	WHIRLPOOL CORP	$2,332,647.00
244	BASE SYSTEMS CORP	$2,317,863.21
245	PENNEX PRODUCTS CO., INC	$2,310,373.10
246	ANCHOR HOCKING CORP	$2,287,838.27
247	TEXAS INSTRUMENTS	$2,270,959.63
248	SUNKIST SOFT DRINKS, INC	$2,245,534.33
249	GENERAL MILLS, INC	$2,202,030.37
250	ELKAY INDUSTRIES	$2,186,978.33
251	AIRCAP MFG	$2,178,255.09
252	PYRAMID CONSTRUCTION CO	$2,172,170.65
253	LONDON FOG	$2,167,407.27

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TSA's Midwest Region Stays Creative With 'Top Gun' and 'U.S.A.'

Maverick Bill Smith "is always looking for another way to do things." And results in the Midwest region back him up with increased sales and greater patron savings.

By Beverly M. Jones, Associate Editor

SOME OF HIS PEERS THINK THAT BILL SMITH IS a maverick — maybe even *the* maverick — among resale system officials.

Whatever he is, the unflappable Smith and his staff at TSA's Midwest Commissary Region have come up with some of the most creative and innovative ideas in the commissary business.

William D. Smith, in the resale business for 33 years, has been director of the Troop Support Agency's Midwest Commissary Region since 1983, after a seven-year stint as deputy director of the Western Commissary Region. (There, he served under now-retired Col. John Pagel, known for his similarly dynamic style.)

TSA's Midwest region is headquartered at Fort Sam Houston in San Antonio. The combined sales of 20 stores in the region exceeds $30 million per month. Three of the 20 stores are in Panama: Corozal, Fort Espinar (formerly Ft. Gulick) and Howard AFB (formerly Kobbe-Howard).

In his tan western wear, Smith stood out in a crowd of blue or gray business suits at the American Logistics Association commissary conference held in San Antonio.

His handmade bola ties — he wore the one with TSA's "Serving the Most Deserving" logo on it for the ALA conference — are a stamp of his personal style. "I guess I've made over 100 of them or so," he said nonchalantly.

Smith also sported a NIS Busters sticker on his jacket. The NIS (Not-In-Stock) Busters program, now two years old, remains vigorous. "That's probably the most memorable thing we've done, and maybe something this region will be noted for for a long time," he said.

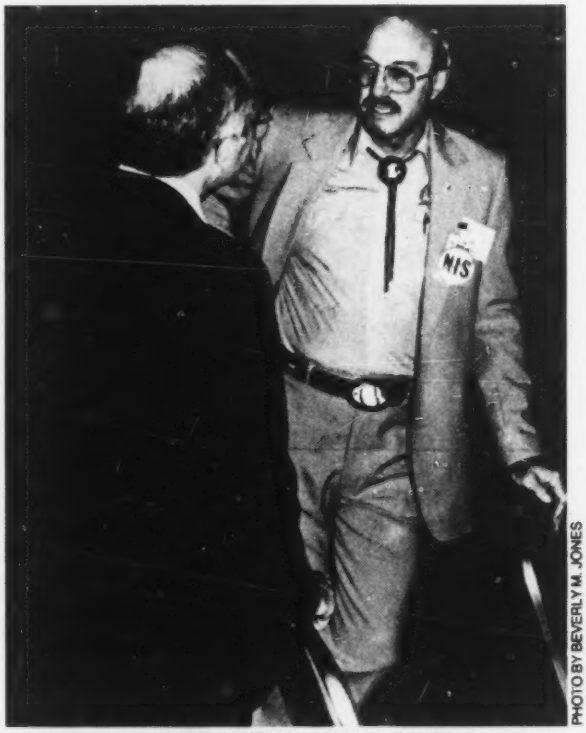

PHOTO BY BEVERLY M. JONES

AT THE ALA MIDWEST CONFERENCE: Bill Smith stops to talk with one of the vendors.

He Does It His Way

Smith's energy and creativity is contagious to his staff. They told MILITARY MARKET that Smith likes to keeps them challenged and on their toes. "He's always looking for another way to do things. He's not one that likes smooth water," one MWCOR staffer said.

Smith himself believes that his management style is both democratic and creative. "Many people try to make people do things. I don't *make* people do things — I *want* them to do it, and *they* want to do it.

"Part of it rubs off. If I'm running, moving and thinking fast, they have a tendency to do it faster," explained Smith.

Another part of his style, he said, is sparking employ-

ees' enthusiasm and interest, then rewarding them — sometimes with money from the spot cash award program.

"Better than half of our allocated award dollars go into the spot cash award program," he told MILITARY MARKET.

For instance, Smith recently walked into the Fort Hood commissary annex on a Thursday, the day the store was closed. He saw two women in blue jeans mopping and waxing the floor. "You could see my reflection was 12 feet tall," he said.

Smith was impressed with the waxing job, but even more impressed when he found out the two were working on their day off and didn't know that he planned the visit. He went back to the region office and wrote up a spot cash award for their initiative.

Top Gun — the Leader in the Pack

"My folks have an incredible amount of creativity, if you turn them loose," Smith said.

One of the most recent examples of staff creativity is the new Top Gun program, designed to identify the leading movers in the stores. "I locked five people in a conference room for four hours, and they came up with the program," he said.

The program comes from a "collage of ideas," brainstormed by Renaud, Jerry Brazil (MWCOR's chief of merchandising) and other staffers.

Top Gun — the name refers to Western gun fighters as well as the recent popular movie — is designed to identify for commissary officials the leading mover in a variety of commodity groups.

Before the program began, commissary officers had no data to pinpoint the real movement leaders. "We had some feeling, but we didn't know for a fact." Smith said.

Analyzing item movement data provided by scanning identified the leaders in 11 different commodities: cold cereal, dog food, bathroom tissue, liquid dish washing detergent, ground coffee, instant coffee, dry pasta, cat food, paper towels, diapers and liquid detergent.

The 11 categories were chosen because they had the highest all commodity volume (acv). "We'll expand that list," Smith said, "but first we're going to take small bites and grow."

Taking "small bites" is also part of the Smith philosophy: "Take small bites, chew them up and enjoy them, instead of taking big bites and getting choked."

The first small bite of the Top Gun program began in February, with an instruction to the stores to identify the 11 commodity groups and the Top Gun items in each group.

Smith believes that it's important to identify the specific Top Gun items so that store officials become more aware of their in-stock conditions. "I expect the commissary officer, the deputy, the grocery manager and many of the stockers and warehousemen to memorize these items."

This program capitalized on scanning. "I just got a new pair of glasses called 'scanning' and now I can see," Smith said with a smile. "Before scanning, we weren't able to do this. Scanning opened up a whole new spectrum with the item movement data it provides."

Top Gun items vary from store to store. Although officials initially assumed that all stores would have the same Top Guns, it hasn't worked out that way. For example, in the cold cereals category, Kellogg's Frosted Flakes was the Top Gun in seven stores, Rice Krispies in six stores, Corn Flakes in three, Fruit Loops in two, and Cheerios in one.

"I would not have guessed the variety would have been that great," Smith said.

The program revealed that some stores weren't stocking the true category leaders. Each had its own Top Gun, but sometimes the products were leaders by default. If the stores had stocked the true volume leaders, the Top Gun designation would have changed.

Unlike NIS Busters, which involved shoppers, Top Gun is only for commissary employees, manufacturers and brokers. Unobtrusive retail and warehouse shelf labels — with illustrations of a smoking gun or a plane with the letters TG on it — are being used at Fort Riley, Kans.

One of the key points of the Top Gun program is giving more selling space to Top Gun items. If that doesn't happen, then identifying the best sellers is a big waste of time. During the program development stage, officials "found [that] quite often the leading items had less space than other items."

"Once we identified the Top Guns, we direct the commissary manager to give these Top Gun items more prominence — at least one more facing than other items in the commodity," Smith said.

U.S.A. = Uniform Space Allocation

The Top Gun program and the U.S.A. program are fraternal twins, conceived simultaneously by the same group.

U.S.A stands for Uniform Space Allocation, with the *U* of the acronym being the most important, Smith thinks. "We have *got* to have uniformity of the quantity put out on the shelf within commodities."

Uniformity of the quantity of items within a commodity group is related to daily consumption, said Smith.

The lack of uniform quantities within commodity groupings "is the basic illness we have in our commissary system today." Smith believes that from this illness stem

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SHELF STOCKING

☐ **TSA-WIDE** — *27 stores have final decisions: 25 contract, and 2 remain in-house. 41 stores remain to study: 21 solicitations extended indefinitely, and 20 solicitations not issued.*

☐ **MWCOR** — *9 final decisions: 8 contract (Forts Sam Houston, Bliss, Sill, Hood, Leavenworth, Benjamin Harrison, Riley, and Carson), and 1 remains in-house (Fort Sheridan).*

SALES PERFORMANCE

(Goal — 4% increase for Fiscal 1987 over Fiscal 1986)

Fiscal Year — TSA-WIDE	Sales	Increase
1986	$1,648.4 mil.	+4.7%
1987 Year-to-date (November)	$ 288.9 mil.	+6.0%

Fiscal Year — MWCOR	Sales	Increase
1986	$388.1 mil.	+2.5%
1987 Year-to-date (November)	$ 67.4 mil.	+4.2%

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all other inventory and stocking problems. "If you treat the basic disease, it stands to reason it'll go through the whole body," he said.

During his speech at the ALA conference in San Antonio, Smith used pictures of Swiss cheese to explain the U.S.A. program. The idea is to turn the shelves from hole-ridden Swiss cheese (different quantities of each item on the shelf at the end of the sales day) into solid cheddar cheese (where quantities match consumption rates).

Swiss cheese shelves at the close of business, ties in with the Top Gun program. "We had no way to know how much of an individual item we needed, and [we] didn't have the capacity to refine it until scanning."

This is how the program works: To put up three days' worth of a particular commodity on the shelf, multiply the average daily item movement by three, then round up to the nearest case. That's how much to put on a shelf.

When one-third of the commodity has been sold, an order trigger on the scanning pull sheet "fires a gun, saying we need a certain amount."

In February, Smith named a task group of four people who will go out and train personnel for computing U.S.A.s in the region's stores. The group spends a week at a store, working with store employees, reviewing item movement reports, doing computations, making planograms of the new space allocations, and comparing them to the existing conditions.

After finishing one commodity group at a store, the task force, along with store management, makes up a schedule for reworking remaining commodity groups.

By May, all MWCOR stores with scanning will have persons trained in one commodity group. Getting into the program takes one week per major commodity group.

(Twelve to 15 commodities groups, like baby food and spices, will be excluded from the program, at least initially, because they are vendor-stocked.)

The U.S.A. program is not a reset but a *respacing* of a section, Smith stresses. "You don't move items from the top shelf to the bottom shelf. You work within the given space," he said. Although the program isn't designed to delete items or gain shelfspace, sometimes that happens.

"The first time we did this — in the cold cereal category at Fort Sam Houston — we gained 16 feet of empty shelf space. That's how many items exceeded three days' worth of stock."

Regarding resets, Smith said that he can "see the day coming when I don't see the need for outside help there for a reset."

That day is not that far away, and the Top Gun and U.S.A. programs are the reasons why. "The time vendors spend on resets, I'd like used in other ways," he said, "like VPRs, point of sale material, etc."

U.S.A.'s impact on stockage "won't be a overnight thing" but will smooth out ordering, warehousing and receiving.

The Walking, Talking Wish

MWCOR used to have a region-wide newsletter called *The Wish*, which was sent out each quarter to all MWCOR stores. It kept everyone abreast of region happenings.

Ever *au courant*, Smith and his crew now videotape the newsletter, which has been renamed *The Walking, Talking Wish*. The first tape came out nine months ago. So far, three different ones have been distributed to all stores.

"We're getting much better at using the television medium," said Smith, noting that "none of us are television producers or directors."

The format is varied, but "we've basically transmitted the same data we did on paper," he said.

"They put them on in the break rooms of stores and run them all day long," Smith said enthusiastically.

The newsletter cost over $500 an issue to produce, while 20 videotapes costs $100 to produce.

Videotaping has other purposes, too. A short section on training can be added to the videotape — the region has a 10-minute training session on the use of ice in the produce department, for instance. The *Walking, Talking Wish* also includes a section called "Around the Region."

"Sometimes when I visit stores, I'll take the video camera with me and take shots of outstanding things going on," Smith explained. This way, all 20 stores can see what four or five stores are doing in a matter of a few minutes.

Electronic Coupon Dispensers

Besides the NIS Busters program, Smith is known for pushing electronic coupon dispensers.

He read a newspaper article about the units some two years ago, and "thought it was a good idea." A few months later, Computerized Coupon Dispensers, Ltd., of Midland, Texas, gave him a presentation and got the job.

Smith tried the machines on a test basis and liked the results so much that he recommended to TSA's Commander, Brig. Gen. James S. Hayes, that coupon dispensers be approved for adoption TSA-wide.

He points out that the coupon dispensers involve no cost to the taxpayers, to the customers or to the commissary system, and attributes a 14-percent increase in coupon redemption and a "corresponding increase in customer savings" to MWCOR's use of the machines.

Electronic dispensers were tested at Forts Bliss, Hood and Sam Houston in 1985 and 1986. The face value of coupons redeemed in those stores increased by an average of 14 percent during the test period. In the first 90 days at Fort Hood, coupon face value redemption went up 28 percent.

Two months ago, TSA headquarters authorized the other region directors to add the machines to their stores, if they want them. WECOR is considering the option, but SECOR and NECOR have decided against them. Their officials said that getting good, consistent vendor participation is a real problem with the machines.

"The machine was not well utilized by vendors," one Southeast official told MILITARY MARKET. "Some said it's too expensive."

A Northeast official told MILITARY MARKETthat stores already cramped for space have problems finding room for three coupon dispenser machines.

However, even they agree that, in the future, the machines may once again become a possibility. Once they get full vendor support, "it'll be great, and maybe we'll look at it again," they said.

Smith, however, is so sold on the machines that he is in the process of expanding installation in his region. "We hope within the next 90 days to have those dispensers in all of our stores," he said. MM

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254	TOASTMASTER, INC	$2,156,754 47
255	NESTLE FOODS CORP	$2,152,422 98
256	FASHION FAIR COSMETICS	$2,140,237 52
257	LENOX, INC	$2,137,822 52
258	PLAYSKOOL, INC	$2,132,994 38
259	WEMBLEY IND , INC	$2,114,382 86
260	HAZEL	$2,110,023 97
261	KIRSCH CO	$2,107,201 23
262	MASTER LOCK CO	$2,106,305 95
263	BASTIAN-BLESSING	$2,103,299 40
264	WHITEHALL LABORATORIES	$2,102,213 60
265	PONY SPTS & LEISURE, INC	$2,097,500 65
266	FISHER NUT CO	$2,091,567 03
267	WM WRIGLEY JR CO	$2,072,338 42
268	GEO A HORMEL & CO	$2,070,868 18
269	JOER:S, INC	$2,068,197 01
270	GLASER BROTHERS	$2,066,388 78
271	MAYBELLINE	$2,063,691 57
272	GEORGIA-PACIFIC CORP	$2,063,202 01
273	MEMBERS ONLY	$2,046,740 96
274	SHULTON, INC	$2,046,143 52
275	FIRST BRANDS CORP	$2,043,138 61
276	MONET JEWELERS, INC	$2,032,254 59
277	CHIC HOSIERY CORP	$2,024,220 97
278	MOBIL CHEMICAL CO	$2,023,546 55
279	CONSUMER PRODUCTS DIV	$2,023,358 71
280	KLIPSCH	$2,020,238 62
281	J B L, INC	$2,015,584 28
282	REGAL APPLIANCE, INC	$1,995,132 83
283	SEALY MATTRESS CO	$1,991,735 38
284	SWEETHEART PRODUCTS	$1,990,126 44
285	BLACK HILLS JEWELRY MFG	$1,974,282 63
286	PRINCE MATCHABELLI	$1,973,181 12
287	YORX ELECTRONICS CORP	$1,971,531 77
288	CREIGHTON SHIRT CO , INC	$1,959,389 62
289	VENDO CO	$1,958,697 44
290	PARKER PEN CO	$1,952,454 59
291	LASKKO METAL PRODUCTS	$1,946,173 56
292	SHELL OIL CO	$1,934,389 99
293	R T FRENCH CO	$1,920,227 52
294	FOSTER GRANT CORP	$1,896,482 34
295	AT&T CONSUMER PRODUCTS	$1,884,745 57
296	HITACHI SALES CORP. AMER	$1,881,303 32
297	OCEAN PACIFIC LONGRIDER	$1,871,187 65
298	CHAMPION LAB, INC	$1,870,128 82
299	STANDARD COLORPRINT	$1,865,221 08
300	EUREKA COMPANY	$1,844,606 70
301	PILLOWTEX CORP	$1,844,524 40
302	DONMOOR, INC	$1,840,794 24
303	WHITE STAG MFG. CO	$1,832,649 24
304	MEMOREX CORP	$1,816,342 98
305	J G DURAND INT'L	$1,809,896 35
306	BEST FOODS	$1,807,968 50
307	AMER HOME FOODS	$1,799,094 80
308	WORLDS OF WONDER	$1,796,237 57
309	TOTAL PETROLEUM, INC	$1,795,924 47
310	HYPONEX CORPORATION	$1,786,324 57
311	ROYAL BUSINESS MACHINES	$1,778,758 72
312	A T CROSS CO	$1,774,443 04
313	WHITMANS CHOCOLATES	$1,765,707 50
314	COLEMAN CO	$1,764,641 73
315	NOBLE/SYSCO FOODS SVC CO	$1,763,859 09
316	TOOMBS AND CO , INC	$1,727,722 65
317	BALI CO	$1,710,761 30
318	WATERFORD CRYSTAL	$1,701,923 42
319	SKIL CORP	$1,694,061 20
320	WEAREVER-PROCTOR SILEX	$1,692,278 33
321	AUTOMATIC PROD CO	$1,686,126 54
322	ECONOMICS LABORATORY, INC	$1,680,606 44
323	POLO FASHIONS, INC	$1,678,203 85
324	ASHLAND PETROLEUM CO	$1,677,836 62
325	PIERRE CARDIN	$1,670,518 04
326	VIE DE FRANCE	$1,665,965 47
327	HAWAII TOBACCO, INC	$1,655,181 72
328	WILTON ENTERPRISES, INC	$1,652,620 59
329	ARGO CONSTRUCTION CORP	$1,647,761 32
330	ARMY TIMES PUBL CO	$1,647,309 58
331	MARTIN MFG CO , INC	$1,642,439 33
332	PARKER BROTHERS	$1,635,573 93
333	SAUDER WOODWORKING CO	$1,632,482 25
334	THE FLORSHEIM SHOE CO	$1,630,865 67
335	FOREMOST DAIRIES, INC	$1,628,502 84
336	PLOUGH, INC	$1,624,237 24
337	J L PRESCOTT CO	$1,618,688 23
338	BANQUET FOODS	$1,618,408 10
339	MERANDO, INC	$1,616,276 96
340	WESTERN PUBLISHING	$1,611,362 53
341	OSHKOSH B'GOSH, INC	$1,610,913 12
342	CREST CRAFT CO , INC	$1,607,577 94
343	MILTON BRADLEY CO	$1,604,393 51
344	KENNER PROD CO	$1,603,300 83
345	FORSTMANN & COMPANY, INC	$1,602,244 72
346	KORET OF CALIFORNIA, INC	$1,591,264 93
347	G & C ENTERPRISES, INC	$1,573,081 00
348	ALMET/LAWNLITE	$1,564,586 26
349	RUSSELL HOSIER MILLS	$1,563,607 87
350	PULSAR TIME, INC	$1,561,958 48
351	PETERSON CONSTRUCTION	$1,558,150 37
352	OLYMPIC CONST, INC	$1,543,392 52
353	RALSTON PURINA CO	$1,539,911 66
354	T D K ELECTRONICS CORP	$1,537,921 76
355	CHAMPION SPARK PLUG CO	$1,536,737 36
356	DEVAULT PACKING CO , INC	$1,533,469 57
357	RUBBERMAID SPECIALTY	$1,520,756 65
358	BROTHER INTL. CORP	$1,519,795 92
359	U S SHOE CORP	$1,516,235 43
360	KENDALL CO	$1,512,340 06
361	MOORE MFG, INC	$1,498,966 54
362	JAMES RIVER CORP	$1,493,901 41
363	SMERLING ENTERPRISES	$1,492,282 46
364	JACK HILLIARD DIST	$1,490,652 71
365	FACCIOLA MEAT CO	$1,481,890 00
366	TUCKER HOUSEWARES	$1,481,152 36
367	WESTBEND CO	$1,480,731 91
368	LONDON STAR LIMITED	$1,478,334 43
369	S LICHTENBERG & CO , INC	$1,473,674 72
370	CHARLOTTE CHARLES, INC	$1,464,053 07
371	A W MENDENHALL CO , INC	$1,456,563 40
372	WILSON FOODS CORP	$1,453,862 26
373	ESTECH BRANDED FERTILIZER	$1,451,290 21
374	CARVER CORP	$1,451,033 92
375	A H ROBINS CO	$1,443,331 37
376	RIVAL MFG. CO	$1,435,671 22
377	COLECO IND , INC	$1,435,034 72
378	L M SANDLER & SONS, INC	$1,431,331 94
379	I-SKI SKIGLASSES	$1,431,210 80
380	BULLFROG KNITS, INC	$1,429,431 88
381	TOMY CORP	$1,427,516 22
382	BF GOODRICH CO	$1,425,974 54
383	RUSSELL STOVER CANDIES	$1,414,447 32
384	ARIS ISOTONER, INC	$1,405,001 58
385	O M SCOTT & SONS CO	$1,404,660 45
386	INTERSTATE BRANDS CORP	$1,401,249 63
387	SONY CORP OF AMERICA	$1,396,838 69
388	MUSIC AND WORTH	$1,396,760 58
389	BURMA-BIBAS, INC	$1,395,409 33
390	HAMILTON BEACH	$1,395,217 43
391	ZENITH DATA SYSTEMS	$1,390,468 20
392	PEPSI-COLA BOTTLING CO	$1,384,946 63
393	A & W BEVERAGES, INC	$1,376,715 61
394	FISHER CAMUTO CORP	$1,365,597 72
395	ATLAS DIST CO	$1,364,141 41
396	RANDOLPH ENGINEERING	$1,363,231 01
397	T SARDELLI & SONS, INC	$1,362,613 79
398	H K SCHAEFFER & CO	$1,362,305 46
399	HARPER LEATHER GOODS	$1,360,312 02
400	SANSUI ELECTRONICS CORP	$1,358,984 95
401	ETONIC, INC	$1,343,692 36
402	PILLSBURY/GREEN GIANT	$1,340,902 97
403	SARANAC GLOVE CO , INC	$1,338,977 46
404	ROLFS	$1,336,664 34
405	GENERAL MOTORS CORP	$1,335,207 27
406	VISUAL ENTERPRISES	$1,334,025 92
407	GOODMARK FOODS, INC	$1,329,582 18
408	CUSTOM SALES & SERVICE	$1,329,529 36
409	ADMIRAL INTL. CORP	$1,321,949 95
410	GARAN, INC	$1,321,521 45
411	CADBURY USA	$1,317,199 74
412	DEL MONTE CORP	$1,316,817 00
413	BAUSCH & LOMB	$1,309,986 41
414	CHEMEXEC RELOCATION SYS	$1,306,821 30
415	THERMOS DIV	$1,304,843 47
416	GOODY PRODUCTS, INC	$1,301,496 50
417	G H BASS & CO	$1,297,107 48
418	LESLIE FAY, INC	$1,294,684 94
419	REMINGTON PRODUCTS, INC	$1,291,210 98
420	US ARMY FINANCE & ACCT	$1,289,760 53
421	HOLSON CO	$1,284,591 14
422	STRIDE RITE CORP	$1,274,295 51
423	E&J GALLO WINERY	$1,273,115 88
424	WEBER-STEPHEN PROD CO	$1,272,707 62
425	R C HENDRICK AND SON	$1,270,285 00
426	SWATCH WATCH USA, INC	$1,269,508 60
427	BAUSCH & LOMB	$1,265,600 75
428	ALLERGAN PHARM , INC	$1,264,931 19
429	NEW ATTITUDE	$1,262,954 04
430	PURITAN FASHIONS FIN CO	$1,257,220 25
431	BORDEN CONSUMER PROD	$1,252,080 44
432	AMERICAN LOCK CO	$1,246,885 94
433	BIC PEN CORP	$1,246,851 97
434	J F C INTERNATIONAL, INC	$1,243,873 15
435	NAPIER CO	$1,243,671 59
436	PEPSI COLA-GEN BTLR	$1,242,654 63
437	MATSUSHITA ELEC CORP	$1,239,475 88
438	CATALINA, INC	$1,234,913 31
439	CHANEL, INC	$1,229,759 09
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441	BINNEY & SMITH, INC	$1,200,435 84
442	EX-CELL HOME FASHIONS	$1,197,470 77
443	B & B BEVERAGE CO	$1,194,567 45
444	WEATHER TAMER	$1,190,208 05
445	CUSTOM ACCESSORIES, INC	$1,183,293 60
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453	NOXELL CORPORATION	$1,162,625 50
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455	RUBIN GLOVES, INC	$1,162,012 16
456	SUSAN CRANE, INC	$1,160,592 77
457	CORONET CASUALS, INC	$1,158,962 71
458	PERSONAL SPORTSWEAR	$1,158,495 37
459	BAHLSEN OF N.A., INC	$1,148,671 59
460	DENNISON MFG. CO	$1,144,271 62
461	JACQUELINE COCHRAN, INC	$1,143,466 77
462	CFS CONTINENTAL FOODS	$1,141,738 74
463	JOHN THOMAS BATTS, INC	$1,132,432 25
464	GLENBROOK LABS	$1,131,264 16
465	LITTLE TIKES	$1,129,670 37
466	MISSION FURNITURE CO	$1,128,167 16
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468	BILL RODGERS & CO	$1,127,090 64
469	GRACO CHILDRENS PROD	$1,123,760 61
470	SCHERING CORP	$1,123,743 05
471	BURROUGHS WELLCOME CO	$1,123,570 37
472	FOLGERS COFFEE CO	$1,123,152 58
473	TONKA CORP	$1,117,446 31
474	WHITEHALL FASHIONS LTD	$1,115,866 92
475	HAMILTON WATCH CO	$1,112,787 57
476	ALBERTO-CULVER CO	$1,110,881 62
477	GERBER PRODUCTS CO	$1,110,714 26
478	VIVITAR CORP	$1,109,737 47
479	ATLAS PROCESSING CO	$1,104,785 03
480	STANSON DETERGENTS, INC	$1,104,683 74
481	ABOVE THE BELT, INC	$1,103,516 90
482	INTERLAKE COMPANIES, INC	$1,103,457 36
483	OCEAN PACIFIC SCREEN PROD	$1,102,003 59
484	EVENFLO JUVENILE FURN	$1,101,162 01
485	EPSON AMERICA/SOUTHWEST	$1,099,148 08
486	BALLY CASE & COOLER, INC	$1,097,165 20
487	INFINITY SYSTEM, INC	$1,096,413 44
488	GIANT REFINING COMPANY	$1,092,462 35
489	KEYSTONE CAMERA CORP	$1,091,730 53
490	PENTAX CORP	$1,089,640 31
491	FLAV-O-RICH	$1,086,297 57
492	JAYMAR-RUBY, INC	$1,086,243 14
493	MAGNICOLOR PHOTO LABS	$1,084,959 77
494	U S PLAYING CARD CO	$1,080,241 38
495	BOLLINGER INDUSTRIES	$1,077,189 55
496	SOFT SHEEN PROD, INC	$1,076,968 60
497	STAR-KIST FOODS, INC	$1,076,499 86
498	GIDDEN DISTRIBUTING CO	$1,074,808 17
499	GOLD EAGLE PROD CO	$1,072,979 33
500	T-FAL CORP	$1,071,314 11
501	TAMBRANDS, INC	$1,071,059 36
502	RUSS TOGS, INC	$1,069,618 99
503	MEAD PRODUCTS	$1,067,538 23
504	SOUTHERN MAURICE	$1,066,932 97
505	VITA-FRESH VITAMIN CO	$1,066,721 64
506	M&M PRODUCTS CO	$1,064,654 22
507	MARS ELECTRONICS	$1,062,527 51
508	ETIENNE AIGNER	$1,062,387 85
509	MELNOR INDUSTRIES	$1,061,165 55
510	ANDERSON NEWS COMPANY	$1,059,651 97
511	J. MANASTER CO	$1,057,717 01
512	PEPSI COLA BOTTLING CO	$1,055,255 83
513	FABIL MFG CORP	$1,054,556 42
514	WESTCLOX U S	$1,052,668 72
515	KINGFORM CAP CO	$1,052,450 56
516	TELEDYNE ACOUSTIC	$1,050,294 68
517	SPORT-OBERMEYER LTD	$1,049,433 65
518	SCHOLL, INC	$1,046,668 87
519	CARSON PRODUCTS CO	$1,045,474 45
520	CLOROX COMPANY	$1,042,837 57
521	FERRY MORSE SEED CO	$1,041,996 89
522	RAMFJELD & CO , INC	$1,041,622 68
523	ARCTIC CIRCLE ENT , INC	$1,036,106 40
524	INNOVATIVE TIME CORP	$1,033,592 92
525	MIDWAY SALES, INC	$1,026,843 12
526	JORDACHE ENTERPRISES	$1,025,545 40
527	HARVEY DUPRIEST & SONS	$1,024,808 82
528	M. GRUMBACHER, INC	$1,023,958 90
529	MERONA SPORT	$1,022,511 64
530	L E LINDSAY CONST. CO	$1,022,166 00
531	DEPENDABLE RUG MILLS	$1,021,902 62
532	MILES LABORATORIES, INC	$1,021,179 21
533	AMERICAN FOODSERVICE CO	$1,018,243 75
534	SPERRY TOP-SIDER, INC	$1,017,413 79
535	IGLOO CORP	$1,009,426 67
536	ZODIAC TRADING CO	$1,006,701 38
537	COLONIAL BAKING CO	$999,267 53
538	RICHHEIMER/WECHSLER	$996,808 77
539	PFIZER, INC	$991,722 55
540	BROWN-FORMAN INTL. LTD	$990,797 92
541	JOVAN, INC	$988,345 86
542	MUSCOGEE NEWS CO	$982,963 24
543	BISSELL, INC	$982,052 47
544	NAT'L DIST. CO	$981,797 73
545	MIRRO CORPORATION	$978,378 49
546	TELEDYNE WATER PIK	$977,545 69
547	WEINER NEWS COMPANY, INC	$977,421 03
548	LIBBEY GLASS	$977,418 80
549	TOTES, INC	$975,850 22
550	BABY TOGS, INC	$974,057 36
551	BARCLAY KNITWEAR CO , INC	$968,398 50
552	ENRON CHEMICAL CO	$967,766 92
553	PEPSI-COLA/SEVEN-UP	$966,199 68
554	SONY CORPORATION	$964,340 23
555	GOLDEN APPLE EXPORTS	$958,389 93
556	DIGITAL EQUIP CORP	$958,198 43
557	CHEROKEE APPAREL CORP	$956,305 93
558	R P M FASHIONS	$955,999 30
559	CITICORP DINERS CLUB	$954,681 61
560	INTERTRANS AIRFREIGHT	$954,633 51
561	BEATRICE FOODSERVICE	$953,543 03
562	AMANA REFRIGERATION, INC	$953,436 11
563	HILEX POLY CO , INC	$953,379 18
564	ROBIN UNDIES	$953,103 55
565	PHONE-MATE, INC	$952,965 63
566	MORGEN & OSWOOD CONST	$952,798 69
567	HARRISBURG PAPER CO	$952,737 59
568	MARX & NEWMAN CO	$950,844 69
569	POLK AUDIO, INC	$950,110 25
570	LEVITON MFG CO	$948,397 93
571	OLIN CORP	$946,019 44
572	GREEN GIANT CO	$942,196 31
573	SEYMOUR DIV	$941,558 75
574	G.T. PRICE PRODUCTS, INC	$939,708 60
575	RUTH SCHARF IND., INC	$936,326 20

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COMMISSARIES

		DECEMBER			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
	CONUS	$166,774	$157,509	5.88	$1,881,853	$1,859,326	1.21
	OVERSEAS	33,577	34,020	-1.30	366,936	326,770	12.29
AIR FORCE	TOTAL	**200,351**	**191,528**	**4.61**	**2,248,790**	**2,186,096**	**2.87**
	CONUS	116,655	110,145	5.91	1,324,750	1,284,255	3.15
	OVERSEAS	39,375	35,280	11.61	434,165	379,365	14.45
ARMY	TOTAL	**156,030**	**145,425**	**7.29**	**1,758,915**	**1,663,620**	**5.73**
	CONUS	70,936	72,918	-2.72	750,507	757,887	-0.97
	OVERSEAS	8,435	8,444	-0.11	86,571	84,404	2.57
NAVY	TOTAL	**79,371**	**81,362**	**-2.45**	**837,078**	**842,290**	**-0.62**
	CONUS	14,184	14,609	-2.91	166,143	169,913	-2.22
	OVERSEAS	300	278	7.91	3,174	3,074	3.25
MARINE CORPS	TOTAL	**14,484**	**14,887**	**-2.71**	**169,317**	**172,987**	**-2.12**
	CONUS	260	260	0.00	3,081	3,177	-3.02
	OVERSEAS	357	187	90.91	3,575	3,467	3.12
COAST GUARD	TOTAL	**617**	**447**	**38.03**	**6,658**	**6,645**	**0.20**
	CONUS	$368,809	$355,441	3.76	$4,126,334	$4,074,558	1.27
ALL	OVERSEAS	$82,044	$78,209	4.90	$894,421	$797,080	12.21
COMMISSARIES	TOTAL	**$450,853**	**$433,650**	**3.97**	**$5,020,755**	**$4,871,638**	**3.06**
GROCERY STORES	U.S.[1]	$24.750	$23.765	4.14	$277.308	$266.103	4.21

EXCHANGES

		DECEMBER			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
	CONUS	$333,269	$324,008	2.86	$2,994,970	$2,928,384	2.27
	OVERSEAS	214,980	196,764	9.26	2,090,425	1,897,492	10.17
AAFES	TOTAL	**548,249**	**520,773**	**5.28**	**5,085,395**	**4,825,876**	**5.38**
	CONUS[2]	134,104	121,278	10.58	1,107,146	1,082,445	2.28
	OVERSEAS[2]	53,665	50,495	6.28	479,816	452,079	6.14
NAVY	TOTAL[2]	**187,769**	**171,773**	**9.31**	**1,586,962**	**1,534,524**	**3.42**
	CONUS	36,997	36,643	0.97	348,736	354,021	-1.49
	OVERSEAS	5,931	6,116	-3.02	59,337	59,815	-0.80
MARINE CORPS	TOTAL	**42,928**	**42,759**	**0.40**	**408,073**	**413,837**	**-1.39**
	CONUS[3]	9,128	9,270	-1.53	84,052	82,344	2.07
	OVERSEAS[3]	680	648	4.94	6,259	6,198	0.98
COAST GUARD	TOTAL[3]	**9,808**	**9,918**	**-1.11**	**90,311**	**88,542**	**2.00**
	CONUS[4]	1,916	1,563	22.58	15,894	14,134	12.45
	OVERSEAS[4]	3,042	4,420	-31.18	36,167	40,115	-9.84
MAIL ORDER	TOTAL[4]	**4,958**	**5,982**	**-17.12**	**52,061**	**54,249**	**-4.03**
	CONUS	$515,414	$492,762	4.60	$4,550,798	$4,461,328	2.01
	OVERSEAS	$278,298	$258,443	7.68	$2,672,004	$2,455,699	8.81
ALL EXCHANGES	TOTAL	**$793,712**	**$751,205**	**5.66**	**$7,222,802**	**$6,917,027**	**4.42**
DEPARTMENT STORES	U.S.[1]	$22.071	$20.903	5.59	$141.897	$134.744	5.31

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges, exchange sales include concession volume.
NOTE: Distribution of sales by CONUS and overseas is based on definition by respective service and system. Figures do not include sales tax.

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Military Market

MAGAZINE FOR THE MILITARY RETAIL SYSTEM ARMY TIMES PUBLISHING COMPANY MAY 1987 $4.00

NEW DIRECTIONS

Exchanges And mmissaries

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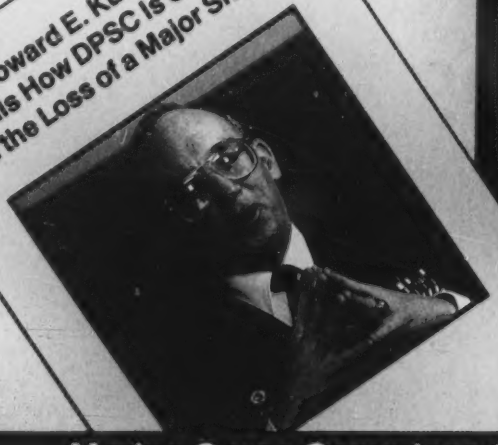
Lt. Gen. Anthony Lukeman, USMC, the deputy assistant secretary of defense for military manpower and personnel policy.

Capt. Howard E. Kuhns, SC, USN, Reveals How DPSC Is Coping With the Loss of a Major Shipper



Marine Corps Commissaries Prepare to Go On-Line

Soda, Beer Makers Lure New Customers With Fancier Drinks

The Hottest in Cameras: Go Disposable or Totally Automatic

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serving the military resale system

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COMMISSARIES

		JANUARY			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
	CONUS	$160,391	$165,569	-3.13	$160,391	$165,569	-3.13
	OVERSEAS	32,741	26,162	16.26	32,741	28,162	16.26
AIR FORCE	TOTAL	**193,132**	**193,731**	**-0.31**	**193,132**	**193,731**	**-0.31**
	CONUS	112,350	109,725	2.39	112,350	109,725	2.39
	OVERSEAS	38,325	34,335	11.62	38,325	34,335	11.62
ARMY	TOTAL	**150,675**	**144,060**	**4.59**	**150,675**	**144,060**	**4.59**
	CONUS	58,235	59,507	-2.14	58,235	59,507	-2.14
	OVERSEAS	6,817	6,497	4.93	6,817	6,497	4.93
NAVY	TOTAL	**65,052**	**66,004**	**-1.44**	**65,052**	**66,004**	**-1.44**
	CONUS	13,976	14,645	-4.57	13,976	14,645	-4.57
	OVERSEAS	277	252	9.92	277	252	9.92
MARINE CORPS	TOTAL	**14,253**	**14,897**	**-4.32**	**14,253**	**14,897**	**-4.32**
	CONUS	272	261	4.21	272	261	4.21
	OVERSEAS	312	355	-12.11	312	355	-12.11
COAST GUARD	TOTAL	**584**	**616**	**-5.19**	**584**	**616**	**-5.19**
	CONUS	$345,224	$349,707	-1.28	$345,224	$349,707	-1.28
ALL	OVERSEAS	$78,472	$69,601	12.75	$78,472	$69,601	12.75
COMMISSARIES	TOTAL	**$423,696**	**$419,308**	**1.05**	**$423,696**	**$419,308**	**1.05**
GROCERY STORES	U.S.[1]	$23.438	$22.749	3.03	$23.438	$22.749	3.03

EXCHANGES

		JANUARY			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
	CONUS	$222,873	$204,691	8.88	$222,873	$204,691	8.88
	OVERSEAS	182,146	148,827	22.39	182,146	148,827	22.39
AAFES	TOTAL	**405,019**	**353,518**	**14.57**	**405,019**	**353,518**	**14.57**
	CONUS[2]	67,757	58,750	15.33	67,757	58,750	15.33
	OVERSEAS[2]	30,433	27,709	9.83	30,433	27,709	9.83
NAVY	TOTAL[2]	**98,190**	**86,459**	**13.57**	**98,190**	**86,459**	**13.57**
	CONUS	19,018	20,615	-7.75	19,018	20,615	-7.75
	OVERSEAS	3,926	4,324	-9.20	3,926	4,324	-9.20
MARINE CORPS	TOTAL	**22,944**	**24,939**	**-8.00**	**22,944**	**24,939**	**-8.00**
	CONUS[3]	5,344	5,453	-2.00	5,344	5,453	-2.00
	OVERSEAS[3]	398	406	-1.97	398	406	-1.97
COAST GUARD	TOTAL[3]	**5,742**	**5,860**	**-2.01**	**5,742**	**5,860**	**-2.01**
	CONUS[4]	1,352	1,363	-0.81	1,352	1,363	-0.81
	OVERSEAS[4]	1,474	3,635	-59.45	1,474	3,635	-59.45
MAIL ORDER	TOTAL[4]	**2,825**	**4,998**	**-43.48**	**2,825**	**4,998**	**-43.48**
	CONUS	$316,344	$290,872	8.76	$316,344	$290,872	8.76
	OVERSEAS	$218,377	$184,901	18.10	$218,377	$184,901	18.10
ALL EXCHANGES	TOTAL	**$534,721**	**$475,773**	**12.39**	**$534,721**	**$475,773**	**12.39**
DEPARTMENT STORES	U.S.[1]	$8.652	$7.954	8.78	$8.652	$7.954	8.78

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.
NOTE: Distribution of sales by CONUS and overseas is based on definition by respective service and system. Figures do not include sales tax.

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6/18/87

Military Market

MAGAZINE FOR THE MILITARY RESALE SYSTEM | ARMY TIMES PUBLISHING COMPANY | JUNE 1987 $4.00

The Latest Package

'Upscale' AAFES unwraps trendy test store

An Analysis of DoD's Commissary Directive

MMM20R14 12R7 3 06 C 01
CONGRESSIONAL INFO SVC
JOSEPH MCNALLY
4520 E-W HWY/#800
BETHESDA MD 20814

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COVER DESIGN BY PAUL JORDAN; COVER PHOTOGRAPH BY TRACY WOODWARD

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serving the military resale system

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Navy's Million-Dollar List

Last year, Navy exchanges were served by 127 suppliers, who did over $1 million worth of business with the system.

The companies listed in alphabetical order below are those that received their payments at a *single* address. Because the Navy Resale Services and Support Office's computer cut-off point was $1 million, organizations that have multiple billing addresses are not included in this list, even if *total* company billings were more than $1 million.

The sales are for NAVRESSO's fiscal year ending January 1987.

ETHAN ALLEN INC.	$1,595,173
AMERICAN GREETING CARDS	8,219,507
AMERICAN TOBACCO CO.	7,120,960
ANHEUSER BUSCH	3,406,445
F.H. ANTHONY & ASSOCIATES	1,476,378
APPLE COMPUTER INC.	3,705,271
ARA SERVICES (MAGAZINE AND BOOK DIV.) SAN DIEGO	1,858,299
ARA SERVICES (MAGAZINE AND BOOK DIV.) NORFOLK	2,260,997
ELIZABETH ARDEN INC.	2,003,996
THE ARROW CO.	2,164,725
ARTEX MFG. CO.	1,019,496
AUDIOVOX CORP.	1,089,019
BALFOUR INC.	1,117,656
BASF SYSTEMS	1,494,251
BASF CHEMICALS DIV.	1,106,006
BASKIN ROBBINS INC.	1,033,034
BEVERAGES FOODS & SERVICE INDUSTRIES INC.	2,959,084
BLACK & DECKER — HOUSEWARES GROUP	3,144,694
BLACK & DECKER	1,410,011
THE BOSE CORP.	1,671,294
E.J. BRACH & SONS	1,219,589
BRIGADE BRANDS LTD.	1,811,691
BROWN & WILLIAMSON TOBACCO CORP.	5,488,324
CAMPUS SWEATER & SPORTSWEAR CO.	1,306,929
CANON U.S.A. INC.	2,172,725
CERTIFIED PRINTING CO.	2,145,256
CHEVRON CHEMICAL CO.	1,527,521
COAST DISTRIBUTING CO.	1,300,908
COCA COLA — LOS ANGELES	1,293,376
COCA COLA EXPORT CORP.	2,785,388
COCA COLA CO. — NORFOLK	1,478,720
COLGATE PALMOLIVE CO.	1,251,513
COMMODORE BUSINESS MACHINES	3,151,966
CONOCO INC.	6,210,337
CREIGHTON INC.	6,211,164
DAVIS CLOTHING CO.	2,721,173
EASTMAN KODAK CO.	8,517,441
EURPAC EAST	5,746,670
EURPAC WEST	6,121,627
FARAH MANUFACTURING CO.	1,096,291
FIELDCREST MILLS	1,332,527
FISHER PRICE TOYS INC.	1,106,583
FISHER CORP.	4,380,579
FLORSHEIM SHOE CO.	1,006,563
FRITO LAY INC.	3,306,124
GILLETTE CO.	3,301,139
GOODYEAR TIRE & RUBBER CO.	1,790,052
HAGGAR CO.	2,007,148
ROBERT HALE & ASSOCIATES	1,825,731
HANES CORP. (HOSIERY DIV.)	2,089,545
HANES CORP. (KNITWEAR DIV.)	2,911,189
HEALTH TEX INC.	2,106,713
HERSHEY CHOCOLATE CO.	1,466,532
HOFFMAN BEVERAGE CO.	1,063,327
THE HOOVER CO.	1,172,651
HUFFY CORP.	1,704,242
INTERNATIONAL PLAYTEX	1,434,512
JOCKEY INTERNATIONAL	1,926,322
C. LLOYD JOHNSON CO.	3,018,047
S.C. JOHNSON & SON INC.	1,549,329
JOHNSON & JOHNSON	2,056,671
JOHN K. KEALY CO.	3,495,025
KENWOOD ELECTRONICS	1,036,284
KIMBERLY CLARK CORP.	1,883,255
KORET OF CALIFORNIA	1,039,178
L'EGGS PRODUCTS INC.	1,174,434
LEVER BROTHERS CO.	1,034,868
LIGGETT & MYERS TOBACCO CO.	4,734,168
B. LIPPMAN	2,586,206
LIZ CLAIBORNE INC.	1,548,051
LORILLARD CORP.	4,447,615
MAIDENFORM INC.	1,549,482
MATTEL TOYS INC.	1,666,874
MAX FACTOR CO.	1,501,912
MERCURY LUGGAGE MFG. CO.	1,178,926
MILLER BREWING CO.	1,636,300
MINOLTA CORP.	2,760,503
M&M MARS	2,191,895
MONARCH CROWN CORP. (CLAIROL)	2,180,496
PHILIP MORRIS INC.	27,012,706
NABISCO BRANDS INC.	1,830,813
NCR CORP.	2,097,892
NEW BALANCE ATHLETIC SHOE INC.	1,175,703
NIKE INC.	5,575,013
OLD DOMINION TOBACCO CO, INC.	1,384,902
ORANGE BLOSSOM	1,141,826
OSTER DIV. OF SUNBEAM CORP.	1,089,339
PAULING & CO.	1,676,956
PAULING OVERSEAS	1,039,279
PENDLETON WOOLEN MILLS	1,688,242
PEPSI COLA BOTTLING CO. (SAN DIEGO)	1,248,793
PIONEER ELECTRONICS	2,647,275
POLAROID CORP.	2,146,003
PROCTER AND GAMBLE	9,851,999
QUAKER STATE OIL	1,020,448
RAFAEL	1,073,710
RCA SALES CORP.	6,769,129
R.J. REYNOLDS TOBACCO CO.	21,918,900
REVLON INC.	3,408,691
RTA INTERNATIONAL INC.	2,566,715
RUBBERMAID INC.	1,633,188
SAMSONITE FURNITURE CO.	1,154,755
SANDBERG & SIKORSKI DIAMOND CORP.	1,064,718
SEAGOING UNIFORM CORP.	3,543,916
SHARP ELECTRONICS CORP.	5,178,206
S&K SALES CO.	1,735,248
SOUTHERN APPAREL CO.	3,079,188
N.V. SPRING INC.	1,062,418
SPRINGS INDUSTRIES	1,226,847
LEVI STRAUSS	7,356,045
SUPERCOPE MARANTZ INC.	1,112,790
SYCAMORE MFG, CO.	1,301,112
SYSTEM DEVELOPMENT CORP.	1,061,852
TDK ELECTRONICS CORP.	1,105,191
3M CO.	1,968,704
TIMEX CORP.	1,945,062
TOSHIBA AMERICA INC.	1,549,411
UNION CARBIDE CORP.	1,020,443
VANGUARD INDUSTRIES WEST	2,545,445
VANGUARD MILITARY EQUIPMENT CORP.	3,529,587
VELVA SHEEN MFG, CO.	1,422,930
RICHARDSON VICKS INC. (HEALTH CARE)	1,029,782
WARNER LAMBERT CO.	1,262,308
WATERFORD CRYSTAL INC.	1,247,760
WHIRLPOOL CORP.	5,125,273
WOLVERINE WORLD WIDE (BATES MILITARY DIV.)	8,391,051
ZENITH ELECTRONICS CORP.	1,448,646

Military Market index

COMMISSARIES

		FEBRUARY			YEAR TO DATE		
		CY'87	CY'86	% CHANGE	CY'87	CY'86	% CHANGE
	CONUS	$145,498	$141,731	2.66	$305,889	$307,300	-0.46
	OVERSEAS	29,854	28,216	5.81	62,595	56,377	11.03
AIR FORCE	TOTAL	**175,302**	**169,947**	**3.15**	**368,484**	**363,678**	**1.32**
	CONUS	102,165	97,965	4.29	214,515	207,690	3.29
	OVERSEAS	35,175	31,920	10.20	73,500	66,255	10.94
ARMY	TOTAL	**137,340**	**129,885**	**5.74**	**288,015**	**273,945**	**5.14**
	CONUS	58,027	58,921	-1.52	116,262	118,427	-1.83
	OVERSEAS	6,704	6,596	1.64	13,521	13,094	3.26
NAVY	TOTAL	**64,731**	**65,517**	**-1.20**	**129,783**	**131,521**	**-1.32**
	CONUS	10,899	12,039	-9.47	24,875	26,684	-6.78
	OVERSEAS	248	267	-7.12	525	520	0.96
MARINE CORPS	TOTAL	**11,148**	**12,306**	**-9.41**	**25,401**	**27,204**	**-6.63**
	CONUS	236	236	0.00	508	497	2.21
	OVERSEAS	384	285	34.74	697	640	8.91
COAST GUARD	TOTAL	**621**	**522**	**18.97**	**1,205**	**1,137**	**5.98**
	CONUS	$316,825	$310,892	1.91	$662,049	$660,598	0.22
ALL	OVERSEAS	$72,365	$67,284	7.55	$150,838	$136,886	10.19
COMMISSARIES	TOTAL	**$389,190**	**$378,176**	**2.91**	**$812,887**	**$797,484**	**1.93**
GROCERY STORES	U.S.[1]	$21.251	$20.630	3.01	$44.689	$43.379	3.02

EXCHANGES

		FEBRUARY			YEAR TO DATE		
		CY'87	CY'86	% CHANGE	CY'87	CY'86	% CHANGE
	CONUS	$195,652	$224,149	-12.71	$418,525	$428,839	-2.41
	OVERSEAS	134,168	157,280	-14.69	316,314	306,107	3.33
AAFES	TOTAL	**329,820**	**381,429**	**-13.53**	**734,839**	**734,946**	**-0.01**
	CONUS[2]	87,257	78,182	11.61	155,014	136,932	13.21
	OVERSEAS[2]	37,961	32,602	16.44	68,394	60,311	13.40
NAVY	TOTAL[2]	**125,218**	**110,784**	**13.03**	**223,408**	**197,243**	**13.27**
	CONUS	30,386	28,630	6.13	49,404	49,245	0.32
	OVERSEAS	4,856	4,586	5.89	8,782	8,910	-1.44
MARINE CORPS	TOTAL	**35,242**	**33,216**	**6.10**	**58,186**	**58,155**	**0.05**
	CONUS[3]	6,105	6,230	-2.01	11,449	11,683	-2.00
	OVERSEAS[3]	455	464	-1.94	853	870	-1.95
COAST GUARD	TOTAL[3]	**6,560**	**6,694**	**-2.00**	**12,302**	**12,553**	**-2.00**
	CONUS[4]	1,885	1,541	22.32	3,236	2,905	11.39
	OVERSEAS[4]	2,597	3,205	-18.97	4,071	6,840	-40.48
MAIL ORDER	TOTAL[4]	**4,482**	**4,747**	**-5.58**	**7,307**	**9,745**	**-25.02**
	CONUS	$321,285	$338,732	-5.15	$637,628	$629,604	1.27
	OVERSEAS	$180,037	$198,137	-9.14	$398,414	$383,038	4.01
ALL EXCHANGES	TOTAL	**$501,322**	**$536,869**	**-6.62**	**$1,036,042**	**$1,012,642**	**2.31**
DEPARTMENT STORES	U.S.[1]	$8.690	$8.049	7.96	$17.342	$16.701	3.84

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.
NOTE: Distribution of sales by CONUS and overseas is based on definition by respective service and system. Figures do not include sales tax.
CORRECTION: Last month's calendar year headings should have been updated to 1987 and 1986, respectively.

Military Market

7/24/87

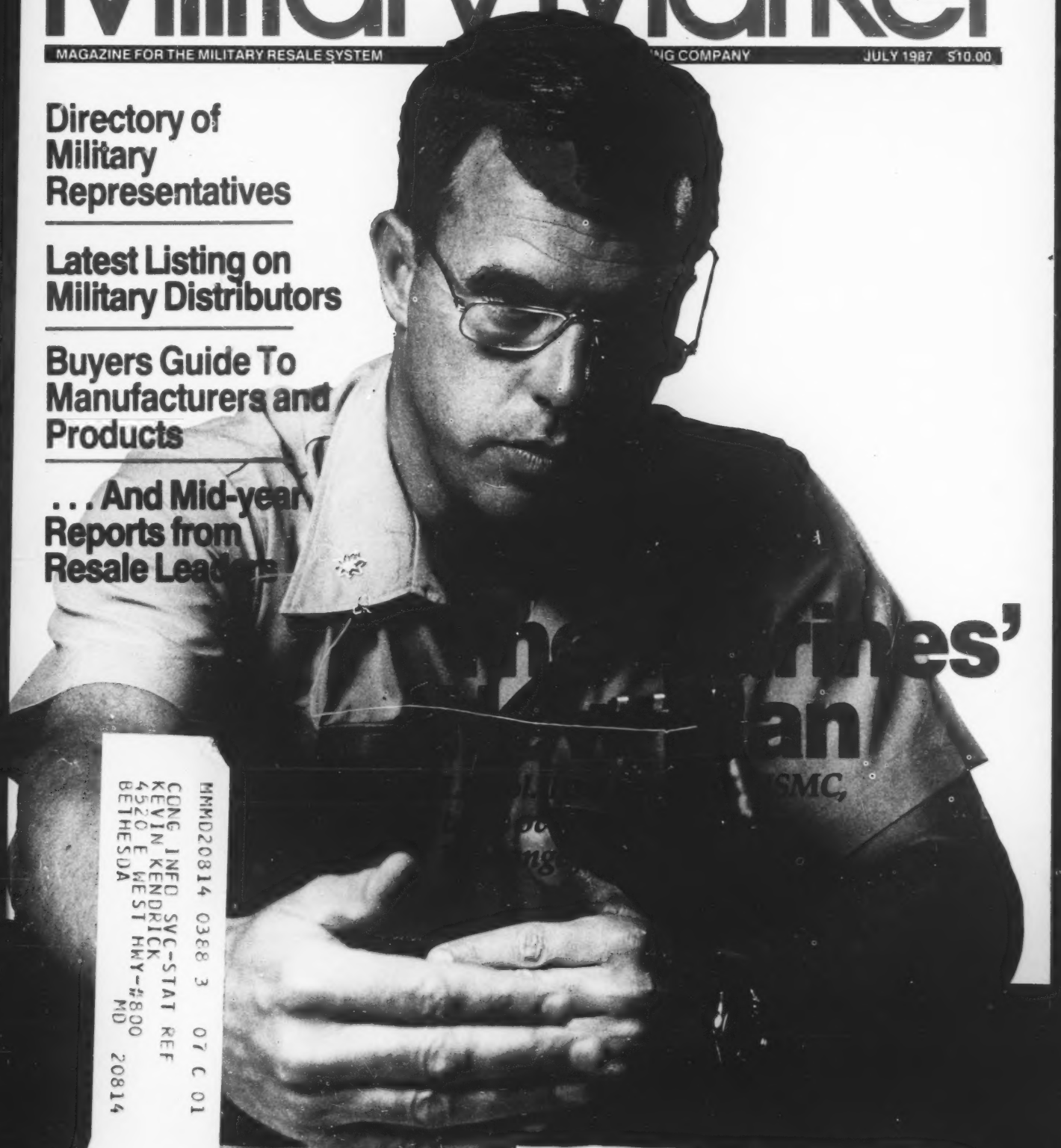
MAGAZINE FOR THE MILITARY RESALE SYSTEM ...NG COMPANY JULY 1987 $10.00

Directory of Military Representatives

Latest Listing on Military Distributors

Buyers Guide To Manufacturers and Products

. . . And Mid-year Reports from Resale Lead...



...y biggest challenge and opportunity are to maintain the system in the same tradition that Col. Irwin has."

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CONG INFO SVC-STAT REF
KEVIN KENDRICK
4520 E WEST HWY-#800
BETHESDA MD 20814

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COAST GUARD RESALE SYSTEMS

"Pleased With Improvement"

The Coast Guard directs both its non-appropriated fund activities resale program and its commissary program from its Resale and Subsistence Division at Coast Guard Headquarters in Washington, D.C. The same office is also responsible for the service's dining facilities and its uniform clothing program.

All resale activities are operated under a decentralized management concept, which allows local commands to take an active role in managing of their own operations within a framework of headquarters policy guidance.

The Coast Guard recently entered into a reimbursable interservice agreement with the Navy Resale and Services Support Office for the operation and management of the Coast Guard commissary at Governors Island, N.Y. As a result of the agreement, customers have seen expanded variety on the shelves and the overall cost of operation to the Coast Guard and the American taxpayer has been reduced, i.e., a true win-win situation. We would like to thank our brothers and sisters at NAVRESSO for their outstanding efforts in making the agreement a reality.

In the face of stiffening competition, we have been very pleased with the continued improvement on the bottom line of our NAFA activities. Despite a sales increase of only 1.1 percent, Fiscal Year 1986 net profits rose 8.3 percent (to 7.2 percent of sales) over those of the previous year. Cost control and reduction efforts and hard work by our many conscientious and dedicated NAFA employees were major reasons for the gain.

A number of construction and renovation projects were completed in the past year. New exchanges were built at our Aviation Training Center in Mobile, Ala., and at Coast Guard units in Cleveland, Ohio; Port Angeles, Wash; Jupiter, Fla., and Ft. Myers, Fla.

Other projects on the horizon include new exchanges in Honolulu, Hawaii; St. Petersburg, Fla.; Clearwater, Fla.; Miami Beach, Fla., and Base Mobile, Ala.; and expansion of a convenience store in Honolulu, Hawaii. We would like to acknowledge and thank our Army and Air Force Exchange Service friends in Hawaii for the engineering and contracting support which they are providing for the Honolulu exchange project.

Also nearing completion is a new guest house at Governors Island, N.Y. The new facility, which is being built and operated by a motel chain under a long-term lease arrangement, will require no outlay of Coast Guard funds — either appropriated or non-appropriated. Opening of the facility is scheduled for July 1987, less than one year after Headquarters approval of the project.

Many exciting things are happening in the Coast Guard resale program which we are hopeful will translate into better service for our customers and greater support for our morale, welfare and recreation programs.

Cdr. J.C. Voden, USCG
Chief, Resale and Subsistence Division
U.S. Coast Guard

1986 COAST GUARD EXCHANGE SALES (In $)

UNIT NAME	EXCHANGE	GROCERY	OTHER	TOTAL
AS, CAPE COD	$4,435,371	4,133,319	653,991	9,222,681
ATC, MOBILE	1,483,348	6,130,329	1,100,768	8,714,445
STAT., ST. PETERSBURG	4,159,164	907,692	1,310,569	6,377,425
SPT CTR, KODIAK	3,600,080		2,644,981	6,245,061
SPT CTR, NEW YORK	3,210,783		2,358,403	5,569,186
COAST GUARD ACADEMY	3,665,412		1,587,930	5,253,342
AS, MIAMI	2,611,079	1,206,716	955,797	4,773,592
BASE, HONOLULU	2,534,598		2,179,560	4,714,158
AS, BROOKLYN	2,795,832	91	1,179,632	3,975,555
DISTRICT NINE	691,970	1,524,077	1,293,224	3,509,271
TRNG CTR, CAPE MAY	2,898,089		749,254	3,447,343
BASE, SOUTH PORTLAND	2,100,051		676,901	2,776,952
SPT CTR, ELIZABETH CITY	1,568,416		468,526	2,036,942
RES TRNG CTR, YORKTOWN	1,364,819		591,607	1,956,426
SPT CTR, SEATTLE	1,470,334		456,107	1,926,441
BASE, MOBILE	1,021,109		724,843	1,736,952
AS, CLEARWATER	1,325,068		411,095	1,736,163
SPT CTR, BOSTON	1,290,550		333,663	1,624,213
GROUP, ASTORIA	563,346	480,397	254,177	1,297,920
SPT CTR, PORTSOUTH	977,984		273,878	1,251,862
SPT CTR, ALAMEDA	971,462		205,735	1,177,197
BASE, CHARLESTON	582,289		527,754	1,110,043
MSO, CLEVELAND	0		987,594	987,594
BASE, MAYPORT	960,988		2,350	963,338
TRNG CTR, PETALUMA	730,763		215,474	946,237
AS, TRAVERSE CITY	220,070	448,474	129,801	798,345
AS, PORT ANGELES	426,070	109,005	219,055	754,130
GROUP, DETROIT	645,449		62,923	708,372
CG YARD, CURTIS BAY	454,410		253,615	708,025
FORT MYERS	651,417		0	651,417
BASE, KETCHIKAN	548,285		102,343	650,628
BASE, ST. LOUIS	358,609		154,337	512,946
BASE, MIAMI	378,454		129,933	508,387
AS, NORTHBEND	96,959	371,668	5,479	474,106
STATION, JUNEAU	311,804		158,959	470,763
BASE, GALVESTON	361,652		103,047	464,699
GROUP, MUSKEGON	358,159		80,891	439,050
BASE, NEW ORLEANS	361,010		41,145	402,155
BASE, GLOUCESTER CITY	400,209		0	400,209
AS, SITKA	283,035		71,443	354,478
MSO, PORTLAND	178,681		143,319	322,000
GROUP, LONG ISLAND	309,319		0	309,319
GROUP, BUFFALO	209,991		6,851	216,842
BASE, SAN PEDRO	141,959		19,736	161,695
BASE, SAULT ST. MARIE	141,011		17,033	158,044
BASE, MILWAUKEE	148,762		951	149,713
STATION, ALEXANDRIA	32,446		68,638	101,084
BASE, FORT MACON	81,451		16,774	98,225
GROUP, HUMBOLDT BAY	89,104		3,289	92,393
BARBER'S POINT	0		70,179	70,179
STATION, HOUSTON	56,388		11,203	67,591
AS, SAN DIEGO	57,380		3,896	61,276
TOTAL DOMESTIC	**54,024,538**	**15,311,768**	**24,405,492**	**93,741,798**
AS, BORINQUEN	3,635,284	1,629,770	1,201,375	6,466,429
BASE, SAN JUAN	2,469,557		1,244,082	3,713,639
LORAN, ESTARTIT	32,396		116	32,512
LORAN, SELLIA MARINA	26,330		0	26,330
LORAN, SYLT	16,641		1,570	18,211
LORAN, KARGABARUN	10,427		0	10,427
LORAN, LAMPEDUSA	5,613		3,291	8,904
TOTAL OVERSEAS	**6,196,248**	**1,629,770**	**2,450,434**	**10,276,452**
SHIP STORES	351,853	0	103,160	455,013
TOTAL WORLDWIDE	**60,572,639**	**16,941,538**	**26,959,086**	**104,473,263**

SOURCE: U.S. COAST GUARD

Military Market index

COMMISSARIES

		MARCH			YEAR TO DATE		
		CY'87	CY'86	% CHANGE	CY'87	CY'86	% CHANGE
	CONUS	$155,932	$152,901	1.98	$461,821	$460,202	0.35
	OVERSEAS	32,437	29,662	9.36	95,032	86,039	10.45
AIR FORCE	TOTAL	**188,369**	**182,563**	**3.18**	**556,853**	**546,241**	**1.94**
	CONUS	109,725	108,885	0.77	324,240	316,575	2.42
	OVERSEAS	38,325	35,280	8.63	111,825	101,535	10.13
ARMY	TOTAL	**148,050**	**144,165**	**2.69**	**436,065**	**418,110**	**4.29**
	CONUS	73,196	75,743	-3.36	189,458	194,170	-2.43
	OVERSEAS	7,941	8,504	-6.62	21,462	21,597	-0.63
NAVY	TOTAL	**81,138**	**84,247**	**-3.69**	**210,921**	**215,768**	**-2.25**
	CONUS	15,155	15,576	-2.70	[illegible]	42,260	-5.28
	OVERSEAS	255	249	2.41		769	1.43
MARINE CORPS	TOTAL	**15,410**	**15,825**	**-2.62**	[illegible]	**43,028**	**-5.15**
	CONUS	246	257	-4.28	754	754	0.00
	OVERSEAS	273	267	2.25	970	907	6.95
COAST GUARD	TOTAL	**519**	**523**	**-0.76**	**1,724**	**1,661**	**3.79**
	CONUS	$354,254	$353,362	0.25	$1,016,303	$1,013,961	0.23
ALL	OVERSEAS	$79,231	$73,962	7.12	$230,069	$210,847	9.12
COMMISSARIES	TOTAL	**$433,485**	**$427,324**	**1.44**	**$1,246,372**	**$1,224,808**	**1.76**
GROCERY STORES	*U.S.[1]*	*$23.191*	*$22.937*	*1.11*	*$68.299*	*$66.474*	*2.75*

EXCHANGES

		MARCH			YEAR TO DATE		
		CY'87	CY'86	% CHANGE	CY'87	CY'86	% CHANGE
	CONUS	$257,332	$233,654	10.13	$675,858	$662,493	2.02
	OVERSEAS	192,775	164,146	17.44	509,089	470,253	8.26
AAFES	TOTAL	**450,108**	**397,800**	**13.15**	**1,184,947**	**1,132,746**	**4.61**
	CONUS[2]	89,602	85,635	4.63	244,616	222,567	9.91
	OVERSEAS[2]	39,918	36,220	10.21	108,312	96,531	12.20
NAVY	TOTAL[2]	**129,520**	**121,855**	**6.29**	**352,928**	**319,098**	**10.60**
	CONUS	29,467	28,121	4.79	78,870	77,366	1.94
	OVERSEAS	4,781	5,131	-6.82	13,563	14,041	-3.40
MARINE CORPS	TOTAL	**34,248**	**33,253**	**2.99**	**92,434**	**91,407**	**1.12**
	CONUS[3]	6,565	6,699	-2.00	18,014	18,382	-2.00
	OVERSEAS[3]	489	499	-2.00	1,342	1,369	-1.97
COAST GUARD	TOTAL[3]	**7,054**	**7,198**	**-2.00**	**19,356**	**19,751**	**-2.00**
	CONUS[4]	1,462	1,365	7.11	4,698	4,269	10.05
	OVERSEAS[4]	2,220	3,364	-34.01	6,291	10,204	-38.35
MAIL ORDER	TOTAL[4]	**3,683**	**4,729**	**-22.12**	**10,990**	**14,473**	**-24.07**
	CONUS	$384,428	$355,474	8.15	$1,022,056	$985,077	3.75
	OVERSEAS	$240,183	$209,360	14.72	$638,597	$592,398	7.80
ALL EXCHANGES	TOTAL	**$624,611**	**$564,834**	**10.58**	**$1,660,653**	**$1,577,475**	**5.27**
DEPARTMENT STORES	*U.S.[1]*	*$10.898*	*$10.839*	*0.54*	*$28.213*	*$26.945*	*4.71*

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.
NOTE: Distribution of sales by CONUS and overseas is based on definition by respective service and system. Figures do not include sales tax.

C8910-1 A
8/14/87

Coast Guard—The Little Guys of Resale Sail On

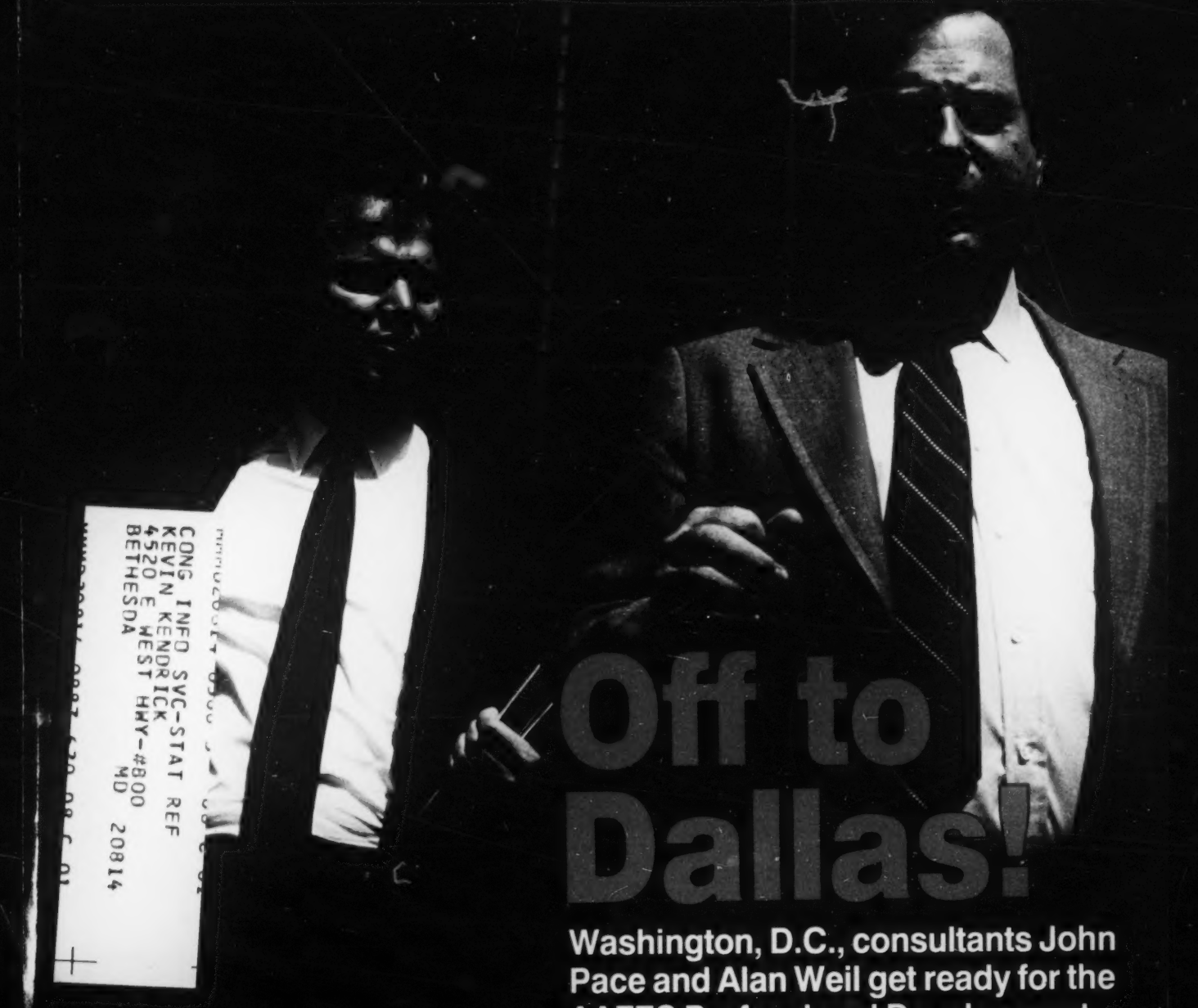
Despite

Salty Snacks Stay No. 1

Christmas in August: An Exchange

Military Market

MAGAZINE FOR THE MILITARY RESALE SYSTEM | ARMY TIMES PUBLISHING COMPANY | AUGUST 1987 $4.00



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Off to Dallas!

Washington, D.C., consultants John Pace and Alan Weil get ready for the AAFES Professional Development workshop in Dallas

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COVER DESIGN BY PAUL JORDAN; COVER PHOTOGRAPH BY KATE PATTERSON

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serving the military resale system

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Military Market index

COMMISSARIES

		APRIL			YEAR TO DATE		
		CY'87	CY'86	% CHANGE	CY'87	CY'86	% CHANGE
	CONUS	$162,838	$155,897	4.45	$624,659	$616,099	1.39
	OVERSEAS	34,156	28,344	20.51	129,188	114,383	12.94
AIR FORCE	TOTAL	**196,973**	**184,241**	**6.91**	**753,826**	**730,482**	**3.20**
	CONUS	113,295	108,885	4.05	437,535	425,460	2.84
	OVERSEAS	38,640	36,015	7.29	150,465	137,550	9.39
ARMY	TOTAL	**151,935**	**144,900**	**4.86**	**588,000**	**563,010**	**4.44**
	CONUS	58,669	53,582	9.49	248,127	240,065	3.36
	OVERSEAS	6,566	6,439	1.97	28,028	25,433	10.20
NAVY*	TOTAL	**65,235**	**60,021**	**8.69**	**276,156**	**265,498**	**4.01**
	CONUS	13,432	14,081	-4.61	53,462	56,340	-5.11
	OVERSEAS	273	281	-2.85	1,053	1,050	0.29
MARINE CORPS	TOTAL	**13,705**	**14,362**	**-4.57**	**54,516**	**57,390**	**-5.01**
	CONUS**	254	248	2.42	1,008	1,002	0.60
	OVERSEAS	327	347	-5.76	1,297	1,254	3.43
COAST GUARD	TOTAL	**581**	**596**	**-2.52**	**2,305**	**2,257**	**2.13**
	CONUS	$348,488	$332,693	4.75	$1,364,791	$1,338,966	1.93
ALL	OVERSEAS	$79,962	$71,426	11.95	$310,031	$279,670	10.86
COMMISSARIES	TOTAL	**$428,450**	**$404,119**	**6.02**	**$1,674,822**	**$1,618,636**	**3.47**
GROCERY STORES	*U.S.[1]*	*$23.537*	*$22.129*	*6.36*	*$91.737*	*$88.603*	*3.54*

* Figures for Navy commissaries up to March 1986 have been adjusted to reflect previous errors. If you have any questions, please contact Joan Gleoggler at (703) 750-8196 for more information. ** Estimated

EXCHANGES

		APRIL			YEAR TO DATE		
		CY'87	CY'86	% CHANGE	CY'87	CY'86	% CHANGE
	CONUS	$278,482	$247,404	12.56	$954,339	$909,897	4.88
	OVERSEAS	213,746	177,210	20.62	722,836	647,463	11.64
AAFES	TOTAL	**492,228**	**424,614**	**15.92**	**1,677,175**	**1,557,360**	**7.69**
	CONUS[2]	98,538	94,310	4.48	343,154	316,877	8.29
	OVERSEAS[2]	42,586	38,858	9.59	150,898	135,389	11.46
NAVY	TOTAL[2]	**141,124**	**133,168**	**5.97**	**494,052**	**452,266**	**9.24**
	CONUS	30,926	28,240	9.51	109,796	105,606	3.97
	OVERSEAS	4,991	4,734	5.43	18,554	18,774	-1.17
MARINE CORPS	TOTAL	**35,917**	**32,973**	**8.93**	**128,350**	**124,381**	**3.19**
	CONUS[3]	6,926	7,067	-2.00	24,940	25,449	-2.00
	OVERSEAS[3]	516	526	-1.90	1,858	1,895	-1.95
COAST GUARD	TOTAL[3]	**7,442**	**7,593**	**-1.99**	**26,798**	**27,344**	**-2.00**
	CONUS[4]	1,428	1,241	15.07	6,127	5,510	11.20
	OVERSEAS[4]	2,170	3,709	-41.49	8,461	13,913	-39.19
MAIL ORDER	TOTAL[4]	**3,598**	**4,950**	**-27.31**	**14,588**	**19,423**	**-24.89**
	CONUS	$416,300	$378,262	10.06	$1,438,356	$1,363,339.	5.50
	OVERSEAS	$264,009	$225,037	17.32	$902,607	$817,434	10.42
ALL EXCHANGES	TOTAL	**$680,309**	**$603,299**	**12.76**	**$2,340,963**	**$2,180,773**	**7.35**
DEPARTMENT STORES	*U.S.[1]*	*$10.862*	*$9.916*	*9.54*	*$36.943*	*$34.856*	*5.99*

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in thousands (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.
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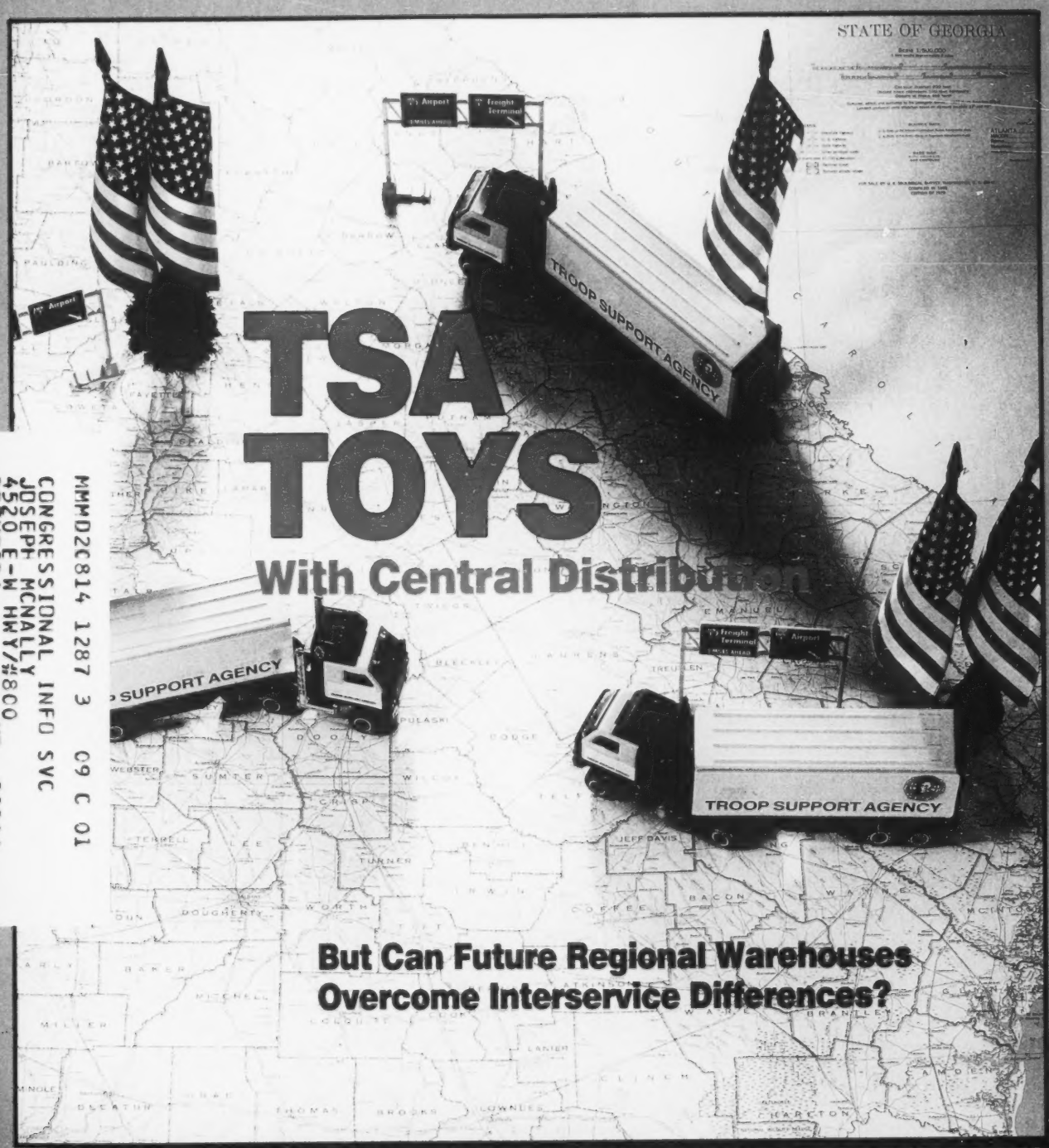

TSA TOYS

With Central Distribution

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But Can Future Regional Warehouses Overcome Interservice Differences?

PIZAZZ TO GO: BUYING SERVICES JAZZ UP MARINE CORPS EXCHANGES

IT'S BACK: THE LATEST DIRECTORY OF MILITARY DISTRIBUTORS

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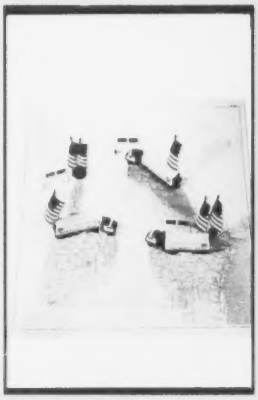

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COVER DESIGN BY ROBERT DEVANEY; COVER PHOTOGRAPH BY KATE PATTERSON

Direct Appropriated Fund Support DoD Commissary Retail Store Operations Fiscal 1988 President's Budget

NUMBER OF STORES

	1986	1987	1988	1989
ARMY	179	179	179	179
NAVY	85	85	86	86
MARINE CORPS	15	15	15	15
AIR FORCE	142	151	154	154
TOTAL	***421***	***430***	***434***	***434***

PERSONNEL END STRENGTH

	1986		1987		1988		1989	
	Mil.	Civ.	Mil.	Civ.	Mil.	Civ	Mil.	Civ
ARMY	209	9,971	192	9,220	192	9,268	192	9,267
NAVY	1,536	2,851	1,240	2,873	1,230	2,889	1,036	3,178
MARINE CORPS	1	861	2	801	2	801	2	801
AIR FORCE	426	7,953	443	8,076	470	7,641	471	7,995
TOTAL	***2,172***	***21,636***	***1,877***	***20,970***	***1,894***	***20,599***	***1,701***	***21,241***

MILITARY PERSONNEL FUNDS

	1986	1987	1988	1989
ARMY	$6,391	$6,059	$5,598	$5,588
NAVY	40,255	38,715	35,176	32,387
MARINE CORPS	35	72	72	72
AIR FORCE	12,525	12,229	13,057	13,463
TOTAL	***$59,206***	***$57,075***	***$53,903***	***$51,510***

OPERATIONS AND MAINTENANCE (civilian pay)

	1986	1987	1988	1989
ARMY	$188,365	$197,416	$215,205	$215,437
NAVY	55,059	60,582	64,889	68,949
MARINE CORPS	17,187	17,940	19,227	19,288
AIR FORCE	161,444	172,595	174,365	175,886
TOTAL	***$422,055***	***$448,533***	***$473,686***	***$479,560***

OPERATIONS AND MAINTENANCE (non-personnel, excluding overseas transportation)

	1986	1987	1988	1989
ARMY	$7,061	$15,686	$19,053	$24,446
NAVY	23,884	22,707	24,467	27,037
MARINE CORPS	1,115	1,028	1,096	1,233
AIR FORCE	29,329	33,145	38,253	40,386
TOTAL	***$61,389***	***$72,566***	***$82,869***	***$93,102***

OPERATIONS AND MAINTENANCE (overseas transportation)

	1986	1987	1988	1989
ARMY	$45,981	$37,782	$33,092	$33,388
NAVY	13,076	11,371	10,387	10,287
MARINE CORPS	219	228	236	244
AIR FORCE	33,095	28,113	23,961	24,979
TOTAL	***$92,371***	***$77,494***	***$67,676***	***$68,898***

TOTAL OPERATIONS FUNDS

	1986	1987	1988	1989
ARMY	$247,798	$256,943	$272,948	$278,859
NAVY	132,274	133,375	134,919	138,660
MARINE CORPS	18,556	19,268	20,631	20,837
AIR FORCE	236,393	246,082	249,636	254,714
TOTAL	***$635,021***	***$655,668***	***$678,134***	***$693,070***

NOTE: Dollars are in thousands; years are fiscal years.

SOURCE: Department of Defense.

Military Market index

COMMISSARIES

		MAY			YEAR TO DATE		
		CY'87	CY'86	% CHANGE	CY'87	CY'86	% CHANGE
	CONUS	$162,277	$164,769	-1.51	$786,936	$780,868	0.78
	OVERSEAS	35,886	34,658	3.54	165,074	149,041	10.76
AIR FORCE	TOTAL	**198,163**	**199,427**	**-0.63**	**951,989**	**929,909**	**2.37**
	CONUS	117,915	117,495	0.36	555,450	542,955	2.30
	OVERSEAS	43,890	39,060	12.37	194,355	176,610	10.05
ARMY	TOTAL	**161,805**	**156,555**	**3.35**	**749,805**	**719,565**	**4.20**
	CONUS	60,099	56,819	5.77	308,226	296,884	3.82
	OVERSEAS	6,617	6,760	-2.12	34,645	32,193	7.62
NAVY	TOTAL	**66,716**	**63,579**	**4.93**	**342,872**	**329,077**	**4.19**
	CONUS	14,335	14,977	-4.29	67,797	71,317	-4.94
	OVERSEAS	304	296	2.70	1,357	1,346	0.82
MARINE CORPS	TOTAL	**14,639**	**15,273**	**-4.15**	**69,155**	**72,663**	**-4.83**
	CONUS	232	281	-17.44	1,240	1,283	-3.35
	OVERSEAS	324	238	36.13	1,621	1,492	8.65
COAST GUARD	TOTAL	**556**	**519**	**7.13**	**2,861**	**2,776**	**3.06**
	CONUS	$354,858	$354,341	0.15	$1,719,649	$1,693,307	1.56
ALL	OVERSEAS	$87,021	$81,012	7.42	$397,052	$360,682	10.08
COMMISSARIES	TOTAL	**$441,879**	**$435,353**	**1.50**	**$2,116,701**	**$2,053,989**	3.05
GROCERY STORES	*U.S.*[1]	*$24.594*	*$24.324*	*1.11*	*$116.244*	*$112.927*	*2.94*

* Figures for Navy commissaries up to March 1986 have been adjusted to reflect previous errors. If you have any questions, please contact Joan Gleoggler at (703) 750-8196 for more information. ** Estimated

EXCHANGES

		MAY			YEAR TO DATE		
		CY'87	CY'86	% CHANGE	CY'87	CY'86	% CHANGE
	CONUS	$276,197	$254,131	8.68	$1,230,536	$1,164,028	5.71
	OVERSEAS	205,800	180,952	13.73	928,636	828,415	12.10
AAFES	TOTAL	**481,997**	**435,083**	**10.78**	**2,159,172**	**1,992,443**	**8.37**
	CONUS[2]	98,798	92,653	6.63	441,952	409,530	7.92
	OVERSEAS[2]	42,228	43,837	-3.67	193,126	179,226	7.76
NAVY	TOTAL[2]	**141,026**	**136,490**	**3.32**	**635,078**	**588,756**	**7.87**
	CONUS	30,603	29,537	3.61	140,399	135,143	3.89
	OVERSEAS	5,428	5,277	2.86	23,982	24,052	-0.29
MARINE CORPS	TOTAL	**36,031**	**34,814**	**3.50**	**164,382**	**159,194**	**3.26**
	CONUS[3]	7,250	7,398	-2.00	32,190	32,847	-2.00
	OVERSEAS[3]	540	551	-2.00	2,398	2,446	-1.96
COAST GUARD	TOTAL[3]	**7,790**	**7,949**	**-2.00**	**34,588**	**35,293**	**-2.00**
	CONUS[4]	1,297	1,144	13.37	7,424	6,655	11.56
	OVERSEAS[4]	2,147	2,755	-22.07	10,608	16,668	-36.36
MAIL ORDER	TOTAL[4]	**3,444**	**3,899**	**-11.67**	**18,032**	**23,322**	**-22.68**
	CONUS	$414,145	$384,863	7.61	$1,852,501	$1,748,203	5.97
	OVERSEAS	$256,143	$233,372	9.76	$1,158,750	$1,050,807	10.27
ALL EXCHANGES	TOTAL	**$670,288**	**$618,235**	**8.42**	**$3,011,251**	**$2,799,010**	**7.58**
DEPARTMENT STORES	*U.S.*[1]	*$11.525*	*$11.165*	*3.22*	*$48.639*	*$46.021*	*5.69*

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in thousands (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.
NOTE: Distribution of sales by CONUS and overseas is based on definition by respective service and system. Figures do not include sales tax.

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Military Market

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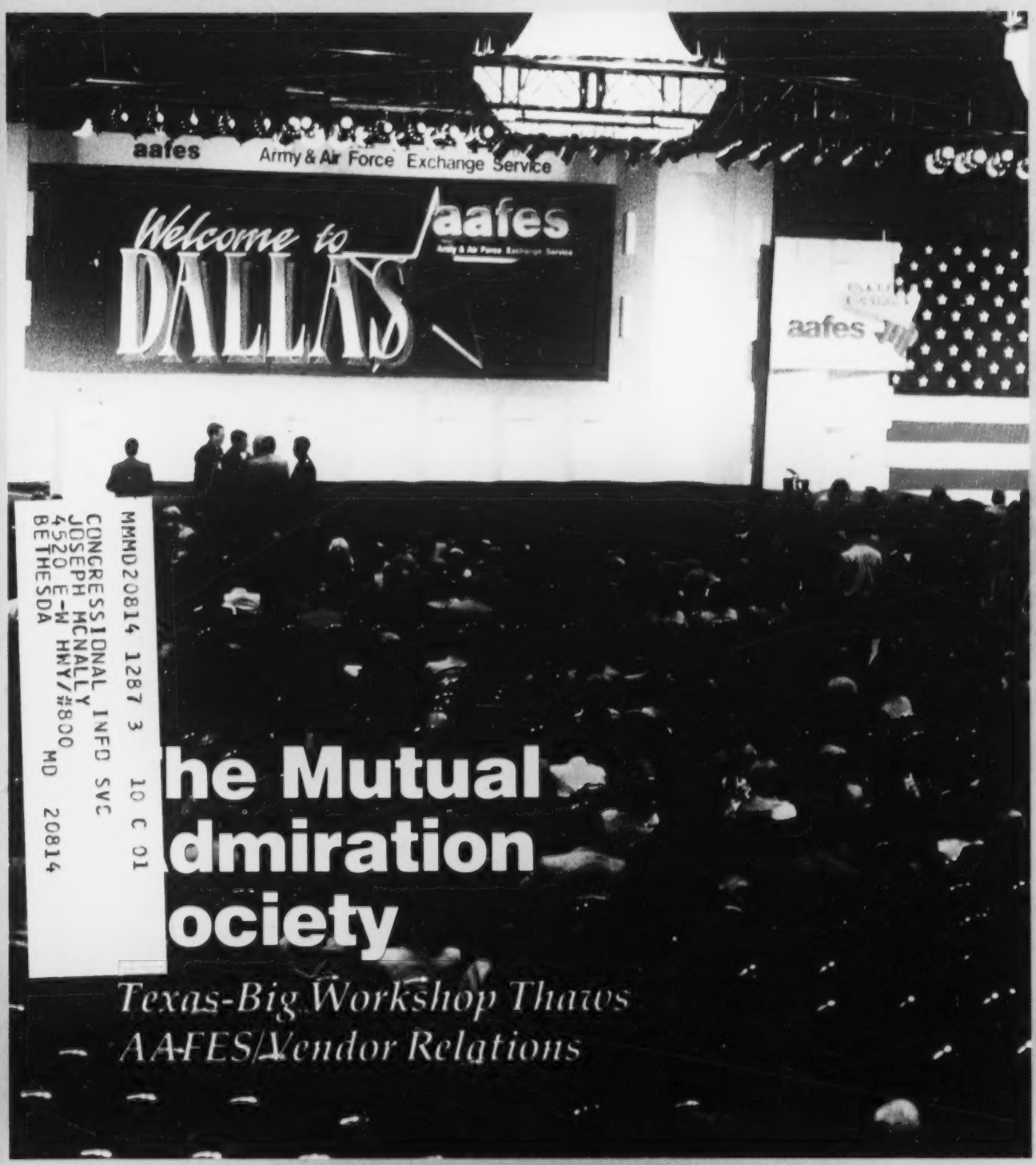

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The Mutual Admiration Society

Texas-Big Workshop Thaws AAFES/Vendor Relations

POWER TO THE STORES:

AFCOMS PROGRAM ENCOURAGES FLEXIBILITY

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COMMISSARIES

		JUNE			YEAR TO DATE		
		CY'87	CY'86	% CHANGE	CY'87	CY'86	% CHANGE
	CONUS	$161,853	$144,889	11.71	$948,789	$925,757	2.49
	OVERSEAS	32,908	27,392	20.14	197,982	176,432	12.21
AIR FORCE	TOTAL	**194,761**	**172,281**	**13.05**	**1,146,749**	**1,102,189**	**4.04**
	CONUS	111,825	104,685	6.82	667,275	647,640	3.03
	OVERSEAS	38,430	34,650	10.91	232,785	211,260	10.19
ARMY	TOTAL	**150,255**	**139,355**	**7.82**	**900,060**	**858,900**	**4.79**
	CONUS	72,582	68,194	6.43	380,808	365,078	4.31
	OVERSEAS	7,911	7,959	-0.60	42,556	40,152	5.99
NAVY	TOTAL	**80,493**	**76,153**	**5.70**	**423,365**	**405,230**	**4.48**
	CONUS	13,081	13,037	0.34	80,878	84,354	-4.12
	OVERSEAS	265	243	9.05	1,622	1,589	2.08
MARINE CORPS	TOTAL	**13,346**	**13,280**	**0.50**	**82,501**	**85,943**	**-4.00**
	CONUS	222	287	-22.65	1,462	1,570	-6.88
	OVERSEAS	229	293	-21.84	1,850	1,785	3.64
COAST GUARD	TOTAL	**451**	**579**	**-22.11**	**3,312**	**3,355**	**-1.28**
	CONUS	$359,563	$331,092	8.60	$2,079,212	$2,024,399	2.71
ALL	OVERSEAS	$79,743	$70,537	13.05	$476,795	$431,218	10.57
COMMISSARIES	TOTAL	**$439,306**	**$401,629**	**9.38**	**$2,556,007**	**$2,455,617**	**4.09**
GROCERY STORES	*U.S.*[1]	*$24.115*	*$22.961*	*5.03*	*$140.548*	*$135.888*	*3.43*

* Figures for Navy commissaries up to March 1986 have been adjusted to reflect previous errors. If you have any questions, please contact Joan Gleoggler at (703) 750-8196 for more information. ** Estimated

EXCHANGES

		JUNE			YEAR TO DATE		
		CY'87	CY'86	% CHANGE	CY'87	CY'86	% CHANGE
	CONUS	$281,329	$251,758	11.75	$1,511,865	$1,415,786	6.79
	OVERSEAS	201,349	167,628	20.12	1,129,985	996,044	13.45
AAFES	TOTAL	**482,678**	**419,386**	**15.09**	**2,641,850**	**2,411,830**	**9.54**
	CONUS[2]	103,135	93,305	10.54	545,087	502,835	8.40
	OVERSEAS[2]	43,195	41,519	4.04	236,321	220,745	7.06
NAVY	TOTAL[2]	**146,330**	**134,824**	**8.53**	**781,408**	**723,580**	**7.99**
	CONUS	30,085	28,332	6.19	170,485	163,474	4.29
	OVERSEAS	5,280	4,977	6.09	29,263	29,029	0.81
MARINE CORPS	TOTAL	**35,366**	**33,309**	**6.18**	**199,748**	**192,503**	**3.76**
	CONUS[3]	7,016	7,159	-2.00	39,206	40,006	-2.00
	OVERSEAS[3]	522	533	-2.06	2,920	2,979	-1.98
COAST GUARD	TOTAL[3]	**7,538**	**7,692**	**-2.00**	**42,126**	**42,985**	**-2.00**
	CONUS[4]	1,336	1,298	2.93	8,760	7,952	10.16
	OVERSEAS[4]	2,883	3,392	-15.01	13,491	20,060	-32.75
MAIL ORDER	TOTAL[4]	**4,219**	**4,690**	**-10.04**	**22,251**	**28,012**	**-20.57**
	CONUS	$422,901	$381,852	10.75	$2,275,403	$2,130,053	6.82
	OVERSEAS	$253,229	$218,049	16.13	$1,411,980	$1,268,857	11.28
ALL EXCHANGES	TOTAL	**$676,130**	**$599,901**	**12.71**	**$3,687,383**	**$3,398,910**	**8.49**
DEPARTMENT STORES	*U.S.*[1]	*$10.882*	*$10.221*	*6.47*	*$59.528*	*$56.242*	*5.84*

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in thousands (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.
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